

# ANNUAL BUDGET

**OF**

# UPHONGOLO MUNICIPALITY

## 2014/15 TO 2016/17
## MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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# ITHALA GAME RESERVE

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## Abbreviations and Acronyms

| | |
|---|---|
| SGISA | Accelerated and Shared Growth Initiative |
| BPC | Budget Planning Committee |
| CFO | Chief Financial Officer |
| CPI | Consumer Price Index |
| DoRA | Division of Revenue Act |
| EE | Employment Equity |
| EM | Executive Mayor |
| FBS | Free basic services |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GDP | Gross domestic product |
| GFS | Government Financial Statistics |
| GRAP | General Recognised Accounting Practice |
| HR | Human Resources |
| HSRC | Human Science Research Council |
| IDP | Integrated Development Strategy |
| IT | Information Technology |
| km | kilometre |
| KPA | Key Performance Area |
| KPI | Key Performance Indicator |
| kWh | kilowatt |
| LED | Local Economic Development |
| MEC | Member of the Executive Committee |
| MFMA | Municipal Financial Management Act Programme |
| MIG | Municipal Infrastructure Grant |
| MM | Municipal Manager |
| MMC | Member of Mayoral Committee |
| MPRA | Municipal Properties Rates Act |
| MSA | Municipal Systems Act |
| MTEF | Medium-term Expenditure Medium Term Revenue and Expenditure Framework. Framework |
| MTREF | Medium-term Revenue and Expenditure Framework |
| NERSA | National Electricity Regulator South Africa |
| NGO | Non-Governmental organisations |
| NKPIs | National Key Performance Indicators |
| OHS | Occupational Health and Safety |
| OP | Operational Plan |
| PBO | Public Benefit Organisations |
| PMS | Performance Management System |
| PPE | Property Plant and Equipment |
| PPP | Public Private Partnership |
| PTIS | Public Transport Infrastructure System |
| RSC | Regional Services Council |
| SALGA | South African Local Government Association |
| SAPS | South African Police Service |
| SDBIP | Service Delivery Budget Implementation Plan |
| SMME | Small Micro and Medium Enterprises |

# Part 1 – Annual Budget

## 1.1 Mayor's Report

**Honourable Speaker**
**Honourable Deputy Mayor**
**Honourable Chairperson of MPAC**
**Honourable Councillors**
**The Administration of the Municipality**
**And all present, I greet you.**

Honourable Speaker, let me voice my gratitude to the opportunity granted to me to present this budget to you, which is the third of our term of office.

This municipal budget is presented against the background of us having started to celebrate 20 years of freedom. As a matter of fact, Honourable Speaker, last week Tuesday, on the 25th of March 2014, we received the flame of freedom, which was so invigorating to us to be part of greater South Africa in such a celebration.

Indeed, Honourable Speaker and the House, it is difficult or near impossible for me to put any price to freedom. The freedom we achieved in this glorious land of our forefathers (onse vaderland, izwe lokhokho bethu) followed a long and crooked road of people fighting to cast away chains of oppression and along the way many of our fore bearers had to die for us to be free.

One of those who had to die liberating this country was Solomon 'Kalusha' Mahlangu. Solomon Mahlangu had to face the gallows without any particle of fear and as a dead wish he said to his persecutors "***Tell my people that I love them and tell them that my blood will nourish the tree of their freedom***". Honourable Speaker, he and many others had to pay the ultimate sacrifice for us to have the freedom we enjoy today.

Honourable Speaker and the House, freedom is a pedestal upon which all nations of the world should build their progress, hence ours. It is true that our nation has established the foundations of development and progress, and surely Honourable Speaker and the house, we are reaping the fruits of our freedom. Today, we have a National Development Plan which is a blue-print for all developmental activities that we all must follow towards 2030.

From the echo's of our neighbours and the world, who never stop to congratulate South Africa for the progress made, surely, Honourable Speaker I fully agree with President Jacob Zuma when he says we have a good story to tell. With the development that we have made as a country, really it is so joyous to be a South African today.

Ours is uPhongolo, which is a small town but a very important part of South Africa *(I hope you won't falter me when I say uPhongolo is very important, since South Africa is not complete without us).*

In the past three years, against the strict fiscus, we have managed to:

(a) send ten (10) learners from poor backgrounds to different universities each year, which is the evidence of our commitment to the foundations of personal development through education. In doing that, Honourable Speaker, let me mention that gender balance was taken into cognisance.

(b) construct access roads in many of the rural wards i.e. ward 3,5,6,7,9 and 14. Currently the dust is flying in ward 12 and 13, our people will now be able to drive to their houses or be transported straight to their households.

(c) begin tarring numerous streets in Ncotshane Township, this is a project that will span for over two years. We have also started to repair some of the roads in town.

(d) electrify more than 2 000 households in many of the rural wards and have set up high mast lights in Ncotshane, which will be lit soon. As I mention the electrification programme, I am reminded of an old man in Manyandeni, ubaba uJimbiliza Ndlangamandla, who expressed his approval and said that he nearly left this firmament without having realised the beauty of using electricity in his home. That was quite encouraging to me, Honourable Speaker and the house, to hear a member of our society appreciating the efforts by our municipality to better their lives. In fact, I am now more emboldened by such words to lead this municipality in fast-tracking service delivery to our society.

In conclusion, Honourable Speaker and the House, allow me to present to you the 2014/2015 draft budget, which is our commitment to continue improving the lives of our people.

Honourable Speaker. this annual budget for the 2014/15 Medium Term Revenue and Expenditure Framework (MTREF) is linked to the updated IDP for the period up to 30 June 2017. This is a very tight budget and aims at ensuring that levels of revenue are maintained to ensure continuation of current basic service levels and in doing so by following the guidelines issued by the National Treasury for the 2014/15 MTREF.

The main challenges that the municipality has to grapple with over the 2014/15 MTREF are as follows:

- The ongoing difficulties in the economy;
- Aging electricity and road infrastructure;
- Increased cost of bulk electricity purchases;
- Ongoing increases in fuel prices above inflation; and
- The implementation of a new valuation roll as from 1 July 2014.

Considering the background of these challenges it is imperative that the financial position of the municipality is sustained over the medium term and new ways are explored to generate additional revenue resources to maintain, renew and expand investment infrastructure. Instead of looking up to the National Government to invest in the municipal infrastructure by way of conditional grants, the other way that the Council needs to explore is to recognize the key role that business can play in developing and investing in the municipal infrastructure to improve the living conditions of our community.

Honourable Speaker, the new budget herewith presented amounts to R199,6 million comprising R143,3 million for operating expenditure and R56,3 million for capital expenditure.
An amount of R26,789 million and R12 million is nationally allocated to invest in the roads and electricity infrastructure respectively representing an increase of R1,104 million. The municipal allocation in terms of the equitable share has increased from R66,389 to R76,982 in 2014/15, an increase of R10,593 million. The operating conditional grants have grown from R4,815 to R5,873 in 2014/15.

Honourable Speaker. Councillors are reminded that the municipality could not implement the general valuation roll in 2013/14 due to challenges that were experienced in that financial year. It is pleasing to note that a new valuation roll is now available and will be implemented from 1 July 2014. According to the new valuation roll the valuation of properties has increased from R2,326 billion to R3,235 billion. Consequently the revenue from property rates is expected to increase from R17,8 million to R23,4 million.

The budget is balanced and fully funded with a net budgeted surplus of R7,3 million which will be used to finance a portion of capital expenditure. It needs to be mentioned that investments are projected to decrease over the medium term unless drastic measures are not put in place to reduce the level of consumer debts.

The municipality needs to remain focused on effective delivery of core municipal services that are economical and equitable to all communities. Tariffs for services must be cost-effective.

The proposed tariff adjustments to recover service costs are as follows:
- An average increase in property rates revenue of 6.2%
- An average increase in the revenue removal revenue of 6.2%
- An average increase in electricity revenue of 7.39% (as directed by Nersa)

In addition to the abovementioned tariffs, the following rebates are proposed for 2014/15:
- In addition to the impermissible reduction of R15 000 per residential property a further rebate of R45 000 per residential property is proposed. The gives a total reduction of R60 000 per residential property.
- A rebate of 100% per indigent household is proposed.
- A rebate of 25% is proposed for farmers that support economic development in the municipal area.

The budget that is presented here today will ensure that the current service delivery levels are maintained. However, there will always be challenges and our needs are many with limited resources, but with this budget the municipality will go an extra mile.

Honourable Speaker and the House, we had to prepare this budget with the background knowledge, that South Africa and the whole world have not yet fully recovered from the economic meltdown of 2008. Of course, Mr Speaker, the demand from our communities for service delivery is huge but, as the Minister of Finance, Mr Pravin Gordhan would say "live within your means", we had to be extremely disciplined so that we do not transcend our fiscal boundaries.

In the 2014/2015 budget, we will continue through our MIG allocations to fund the construction of access roads. As mentioned before, that we have a strict budget, we had however accommodated funds, though small, to erect community halls. Honourable Speaker and the House, it is through this budget that we now begin the end of the electrification program.

This year, 2014/2015, the municipality will start connections in ward one (1), a ward where almost no household is electrified. Evidence will show that when we complete these connections in ward one (1), and act not too far, we would have had all wards in uPhongolo connected, which will be truly the Universal Access to electricity.

Through our equitable share, we have allocated resources to fund youth, women as well as programmes for the advancement of old and people living with disabilities. Again, through the upgrading of sport facilities, I believe that our young people will have greater opportunities to showcase their talent and have healthy lifestyles.

It will be remiss of myself if I don't express appreciation and thank the following people and stakeholders:-

- Honourable Speaker and his office for strategic role in community participation process.
- The Principal Committee of the Council (EXCO) for the effort and commitment and I encourage the continued commitment for the benefit of our community.
- The highest decision making body (Council) for stable leadership and strategic direction in driving Service delivery.
- The Municipal Manager, Senior Management and staff for their commitment to work hard and under pressure to turn the situation around.
- The Budget and treasury office for preparing this document without help from consultants.
- The immeasurable support from Amakhosi, GTA and Treasury does not go unnoticed, and let us support each other and join hands in advancing of better life for all and building one Nation.

**Accordingly I move that the Council adopts this as the draft budget for the uPhongolo Municipality for the financial year 2014/2015.**

**I THANK YOU**

**BAIE DANKIE**

**NGIYABONGA**

**GOD BLESS uPHONGOLO**

## 1.2 Council Resolutions

On 29 May 2014 the Council of uPhongolo Municipality met in the Council Chambers of the municipality to consider the annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of uPhongolo Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
   1.1. The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
      1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 24;
      1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 27;
      1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 29; and
      1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 34.
   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
      1.2.1. Budgeted Financial Position as contained in Table 19 on page 36;
      1.2.2. Budgeted Cash Flows as contained in Table 20 on page 38;
      1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 39;
      1.2.4. Asset management as contained in Table 22 on page 40; and
      1.2.5. Basic service delivery measurement as contained in Table 23 on page 42.
2. The Council of uPhongolo Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
   2.1. the tariffs for property rates – as set out on page 13
   2.2. the tariffs for electricity – as set out on page 13
   2.3. the tariffs for solid waste services – as set out on page 15
3. To give proper effect to the municipality's annual budget, the Council of uPhongolo Municipality approves:

3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

3.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year limited to an amount of R10,215 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

3.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

## 1.3 Executive Summary

The year 2013/14 has been challenging and very demanding but due to the emphasis on cost control and the introduction of austerity measures this has somewhat assisted the municipality to reduce the adverse impact of the slow economic recovery.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

National Treasury's MFMA Circulars No. 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and

- Availability of affordable capital/borrowing.
- Implementation of a new valuation roll as from 1 July 2014.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

| Summary Statement of Financial Performance | | | | |
|---|---|---|---|---|
| **Description** | **Adjustment Budget 2013/14** | **Budget Year 2014/15** | **Budget Year 2015/16** | **Budget Year 2016/17** |
| Total Operating Revenue | (132,061,290) | (150,583,861) | (171,379,703) | (176,845,176) |
| Total Operating Expenditure | 129,868,290 | 143 251,911 | 169,671,703 | 176,837,176 |
| ***SURPLUS/(DEFICIT)*** | **2,375,000** | **7 331 950** | **1 708,000** | **8,000** |
| Total Capital Expenditure | **65,735,750** | **56,335,950** | **45,247,000** | **46,761,000** |

Total operating revenue has grown from R132,1 million to R150,6 million or by 14 per cent for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 13.8 and 3.2 per cent respectively, equating to a total revenue growth of R26,262 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R143,2 million and translates into a budgeted surplus of R7,3 million before recognising capital expenditure. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 10.3 per cent in the 2014/15 budget and by 18.4 and 4.2 per cent for each of the respective outer years of the MTREF.

The capital budget of R56,3 million for 2014/15 is 6.8 per cent less when compared to the 2013/14 Adjustment Budget. The increase in 2013/14 was attributable to an amount of R12.2 million in respect of unspent capital conditional grants which was rolled-over to 2012/13. The decrease is due to the acute demand for both road and electricity infrastructure in the municipal area. The capital programme decreases to R45,2 million in the 2015/16 financial year and then evens out in 2016/17 to R46,8 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Borrowing will contribute 18.1 per cent of capital expenditure in 2014/15 when government grants and transfers are excluded. For the two outer years of the MTREF, the capital programme will be financed mostly from government grants and transfers. The balance will be funded from internally generated funds. It should be noted that the Municipality's has not yet reached its prudential borrowing limits and so there is room to substantially increase these borrowing levels over the medium-term.

## 1.4 Operating Revenue Framework

For Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and cash management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 77 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 10 255 | 10 952 | 14 051 | 13 837 | 17 797 | 17 797 | 17 797 | 23 064 | 24 425 | 25 768 |
| Property rates - penalties & collection charges | – | – | – | – | – | | | – | – | – |
| Service charges - electricity revenue | 14 689 | 18 309 | 23 366 | 23 868 | 24 273 | 24 273 | 24 273 | 26 529 | 27 604 | 29 123 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 4 755 | 4 925 | 5 419 | 5 617 | 6 389 | 6 389 | 6 389 | 6 785 | 7 185 | 7 580 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 437 | 416 | 578 | 869 | 1 308 | 1 308 | 1 308 | 1 390 | 1 471 | 1 552 |
| Interest earned - external investments | 909 | 1 069 | 1 043 | 1 314 | 1 377 | 1 377 | 1 377 | 1 762 | 1 548 | 1 633 |
| Interest earned - outstanding debtors | 3 212 | 2 797 | 3 282 | 3 370 | 3 602 | 3 602 | 3 602 | 3 826 | 4 051 | 4 274 |
| Dividends received | – | – | – | – | – | – | – | – | – | – |
| Fines | 40 | – | 692 | 374 | 374 | 374 | 374 | 398 | 421 | 444 |
| Licences and permits | 2 986 | 3 163 | 2 143 | 2 315 | 2 294 | 2 294 | 2 294 | 2 436 | 2 580 | 2 722 |
| Agency services | 132 | 116 | 706 | 680 | 680 | 680 | 680 | 722 | 764 | 806 |
| Transfers recognised - operational | 47 433 | 57 611 | 66 486 | 72 388 | 73 197 | 73 197 | 73 197 | 82 855 | 100 462 | 102 027 |
| Other revenue | 308 | 849 | 1 251 | 1 339 | 771 | 771 | 771 | 819 | 867 | 915 |
| Gains on disposal of PPE | 2 397 | 17 | 101 | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 87 553 | 100 222 | 119 118 | 125 970 | 132 061 | 132 061 | 132 061 | 150 584 | 171 380 | 176 845 |

**Table 3 Percentage growth in revenue by main revenue source**

| Description | Current year 2013/14 | | 2014/15 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Adjusted Budget | % | Budget Year 2014/15 | % | Budget Year +1 2015/16 | % | Budget Year +2 2016/17 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 17 797 | 13.5% | 23 064 | 15.3% | 24 425 | 14.3% | 25 768 | 14.5% |
| Property rates - penalties & collection charges | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Service charges - electricity revenue | 24 273 | 18.4% | 26 529 | 17.6% | 27 604 | 16.1% | 29 123 | 16.4% |
| Service charges - water revenue | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Service charges - sanitation revenue | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Service charges - refuse revenue | 6 389 | 4.8% | 6 785 | 4.5% | 7 185 | 4.2% | 7 580 | 4.3% |
| Service charges - other | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Rental of facilities and equipment | 1 308 | 1.0% | 1 390 | 0.9% | 1 471 | 0.9% | 1 552 | 0.9% |
| Interest earned - external investments | 1 377 | 1.0% | 1 762 | 1.2% | 1 548 | 0.9% | 1 633 | 0.9% |
| Interest earned - outstanding debtors | 3 602 | 2.7% | 3 826 | 2.5% | 4 051 | 2.4% | 4 274 | 2.4% |
| Dividends received | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Fines | 374 | 0.3% | 398 | 0.3% | 421 | 0.2% | 444 | 0.3% |
| Licences and permits | 2 294 | 1.7% | 2 436 | 1.6% | 2 580 | 1.5% | 2 722 | 1.5% |
| Agency services | 680 | 0.5% | 722 | 0.5% | 764 | 0.4% | 1 186 | 0.7% |
| Transfers recognised - operational | 73 197 | 55.4% | 82 855 | 55.0% | 100 462 | 58.6% | 102 027 | 57.6% |
| Other revenue | 771 | 0.6% | 819 | 0.5% | 867 | 0.5% | 915 | 0.5% |
| Gains on disposal of PPE | – | 0.0% | – | 0.0% | – | 0.0% | – | 0.0% |
| Total Revenue (excluding capital transfers and contributions) | 132 061 | 100% | 150 584 | 100% | 171 380 | 100% | 177 224 | 100% |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operational Transfers recognised constitutes a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise a third of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totalled R48,5 million or 24.2 per cent. This increases to R56,4 million, R59,2 million and R62,5 million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 56 MBRR SA1 (see page 98).

Electricity revenue amounts to 17.6 per cent or R26,5 million and increases to R29,1 million by 2016/17. The revenue from property rates totals R23.1 million or 15.3 percent of total budgeted operation revenue in 2014/15 and increases to R25,8 million by 2016/17.

Operating grants and transfers totals R73,2 million in the 2012/13 financial year and decreases to R72,388 million by 2014/15. The decrease is attributable to the roll-over of unspent conditional grants in 2013/14 which substantially increased revenue recognised from capital expenditure. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 45 824 | 55 112 | 63 086 | 69 929 | 823 | 70 752 | 81 553 | 99 247 | 100 533 |
| Local Government Equitable Share | 43 874 | 52 612 | 59 786 | 66 389 | | 66 389 | 76 982 | 96 330 | 97 415 |
| Finance Management | 1 200 | 1 500 | 1 500 | 1 650 | | 1 650 | 1 800 | 1 950 | 2 100 |
| Municipal Systems Improvement | 750 | 1 000 | 800 | 890 | | 890 | 934 | 967 | 1 018 |
| Expanded Public Works Programme Integrated | – | – | 1 000 | 1 000 | 823 | 1 823 | 1 837 | – | – |
| Provincial Government: | – | 402 | 946 | 1 225 | 434 | 1 520 | 1 202 | 1 115 | 1 394 |
| Community Library Services | – | – | 106 | 139 | 125 | 125 | 132 | 138 | 365 |
| Provincialisation of Libraries | – | 402 | 440 | 886 | | 886 | 920 | 977 | 1 029 |
| Maintenance of Sports Facility | – | – | – | – | – | – | 150 | – | – |
| Thusong Centre | | | 400 | – | 309 | 309 | – | – | – |
| IDP - Public Participation | – | – | – | 200 | | 200 | – | – | – |
| District Municipality: | 50 | 50 | 100 | 50 | – | 50 | 100 | 100 | 100 |
| *ZDM Subsidy* | 50 | 50 | 100 | 50 | | 50 | 100 | 100 | 100 |
| Other grant providers: | – | – | – | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 45 874 | 55 564 | 64 132 | 71 204 | 1 257 | 72 322 | 82 855 | 100 462 | 102 027 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom bulk tariff is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency

gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R45 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum total rebate of 20 per cent will be granted to owners of rate-able property. In this regard the following stipulations are relevant:
    - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
    - The owner must be living permanently on the property.
    - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
    - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

**Table 5 Comparison of proposed rates to levied for the 2014/15 financial year**

| Category | Current Tariff (1 July 2014) | Proposed tariff (from 1 July 2013) |
|---|---|---|
| | R | R |
| Residential Properties | 0.012010 | 0.011309 |
| State owned Properties | 0.024020 | 0.014137 |
| Business, Commercial & Industrial Properties | 0.024020 | 0.014137 |
| Agricultural Properties | 0.003003 | 0.002828 |
| Vacant Land | 0.03630 | 0.014137 |
| Public Service Infrastructure | 0.003003 | 0.014137 |
| Rural Communal Land | 0.024020 | 0.014137 |
| Special Non-market Properties | 0.024020 | 0.014137 |

### 1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. The new increased tariff of 7.39 per cent in bulk electricity to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7.39 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge based on the new 7.39 per cent tariff.

The following table shows the impact of the proposed increases in the electricity tariffs on domestic consumers:

**Table 6 Comparison between current electricity charges and increases**

| Category | Current Tariffs | Proposed Tariffs | Change |
|---|---|---|---|
| Low Consumers (0-400 kWh): | | | |
| - Basic | 0 | 0 | 7.39% |
| - Plus | 0.98 | 1.05 | 7.39% |
| High Consumers (401 – 1000 kWh) | | | |
| Developed stands | | | |
| - Basic | | | |
| - Plus | 217.04 | 233.08 | 7.39% |
| Undeveloped stands | 0.91 | 0.98 | 7.39% |
| - Basic | 114.42 | 122.9 | 7.39% |
| - Plus | 0.91 | 0.98 | 7.39% |
| Above 1000 kWh | 0.91 | 0.98 | 7.39% |

On 24 February 2010, the National Energy Regulator (NERSA) approved the implementation of Inclined Block Tariffs (IBT) in order to provide for cross-subsidies for low income domestic customers. The feature of the IBT is that the customers are charged at higher rates as their consumption increases. UPhongolo Municipality will not implement the Inclining Block Tariff Structure as it does not have low income domestic customers in town.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

### 1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is outsourced and operating at a modest surplus. It is widely accepted that the rendering of this service should at least break even. The contractors engaged to clean the town have operational challenges which affect the cleanliness of the town. It is therefore proposed that the taking up of loans as a strategy for funding of the waste management machinery and equipment be considered and approved to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to waste management department.

A 5.6 per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the overall impact of higher than inflation increases of other services. Any increase higher than 6.2 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

**Table 7 Comparison between current waste removal fees and increases**

| | Current Tariffs 2013/14 | Proposed Tariffs 2014/15 |
|---|---|---|
| | R | R |
| **BELGRADE** | | |
| Residential Dwellings | 114.50 | 121.60 |
| Businesses | 152.67 | 162.14 |
| Government & Other Departments | 152.67 | 162.14 |
| **URBAN** | | |
| Residential and Departmental – twice per week | 107.76 | 114.44 |
| Businesses:<br>Bulk Business<br>- Small – cage<br><br>- Medium – cage<br><br>- Large – cage<br><br>Per bin per month – removed daily<br><br>Business at central point – removed daily | <br><br>355.62<br>829.78<br>1,422.48<br>161.22<br><br>1,422.49 | <br><br>377.67<br>880.16<br>1510.67<br>171.22<br><br>1510.67 |
| Garden refuse – residential per meter load or part thereof | 113.79 | 120.84 |
| Business waste removal | 201.52 | 214.01 |
| Building Rubble: Cost plus 10% per meter load or part thereof | | |
| **ITSHELEJUBA** | | |
| Applicable removal cost of contractor + 10% escalation | | |

### 1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 8 MBRR Table SA14 – Household bills**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Rand/cent | Audited | Audited | Audited | Original | Adjusted | Full Year | Budget Year % incr. | Budget Year | Budget Year | Budget Year |
| 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 1 838 | 1 938 | 2 187 | 2 160 | 2 160 | 2 160 | 6.2 | 2 299 | 2 429 | 2 563 |
| Electricity: Basic levy | 208 | 219 | 230 | 247 | 247 | 247 | 7.4 | 265 | 285 | 306 |
| Electricity: Consumption | 1 599 | 1 686 | 1 621 | 1 904 | 1 904 | 1 904 | 6.2 | 2 022 | 2 141 | 2 259 |
| Water: Basic levy | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse removal | 111 | 117 | 123 | 130 | 130 | 130 | 6.2 | 138 | 146 | 154 |
| Other | | | | | | | | | | |
| sub-total | 3 756 | 3 960 | 4 161 | 4 441 | 4 441 | 4 441 | | 4 724 | 5 001 | 5 282 |
| VAT on Services | 269 | 283 | 276 | 319 | 319 | 319 | – | 340 | 360 | 380 |
| Total large household bill: | 4 025 | 4 243 | 4 437 | 4 760 | 4 760 | 4 760 | | 5 064 | 5 361 | 5 662 |
| % increase/-decrease | | 5.4% | 4.6% | 7.3% | 0.0% | 0.0% | | 6.4% | 5.9% | 5.6% |
| 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 1 238 | 1 305 | 1 382 | 1 452 | 1 452 | 1 452 | 6.2 | 1 542 | 1 633 | 1 723 |
| Electricity: Basic levy | 208 | 219 | 230 | 247 | 247 | 247 | 7.4 | 265 | 285 | 306 |
| Electricity: Consumption | 1 048 | 1 104 | 1 169 | 1 245 | 1 245 | 1 245 | 6.2 | 1 322 | 1 400 | 1 477 |
| Water: Basic levy | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse removal | 111 | 117 | 123 | 130 | 130 | 130 | 6.2 | 138 | 146 | 154 |
| Other | | | | | | | | | | |
| sub-total | 2 605 | 2 745 | 2 904 | 3 074 | 3 074 | 3 074 | | 3 267 | 3 464 | 3 660 |
| VAT on Services | 191 | 202 | 213 | 227 | 227 | 227 | | 242 | 256 | 271 |
| Total small household bill: | 2 796 | 2 947 | 3 117 | 3 301 | 3 301 | 3 301 | | 3 509 | 3 720 | 3 931 |
| % increase/-decrease | | 5.4% | 5.8% | 5.9% | 0.0% | 0.0% | | 6.3% | 6.0% | 5.7% |
| | | | 0 | 0 | (1) | – | | | | |
| 'Indigent' Household receiving free | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 154 | 162 | 172 | 180 | 180 | 180 | 6.2 | 191 | 202 | 214 |
| Electricity: Basic levy | | | | | | | | | | |
| Electricity: Consumption | | | | | | | | | | |
| Water: Basic levy | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse removal | 111 | 117 | 230 | 130 | 130 | 130 | 6.2 | 138 | 146 | 154 |
| Other | | | | | | | | | | |
| sub-total | 265 | 279 | 402 | 310 | 310 | 310 | | 329 | 348 | 368 |
| VAT on Services | 16 | 16 | 56 | 43 | 43 | 43 | – | 46 | 49 | 52 |
| Total small household bill: | 281 | 295 | 458 | 353 | 353 | 353 | | 375 | 397 | 420 |
| % increase/-decrease | | 5.0% | 55.3% | -22.9% | 0.0% | 0.0% | | 6.2% | 5.9% | 5.8% |

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 9 Summary of operating expenditure by standard classification item**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 26 649 | 27 832 | 33 774 | 35 555 | 37 526 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |
| Remuneration of councillors | 4 220 | 4 549 | 5 997 | 6 880 | 7 041 | 7 041 | 7 041 | 7 393 | 7 762 | 8 150 |
| Debt impairment | 17 560 | 24 526 | 2 537 | 1 369 | 1 369 | 1 369 | 1 369 | 1 454 | 1 540 | 1 625 |
| Depreciation & asset impairment | 2 718 | 2 974 | 4 372 | 3 823 | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |
| Finance charges | 399 | 752 | 765 | 1 339 | 405 | 405 | 405 | 970 | 571 | 604 |
| Bulk purchases | 12 796 | 15 617 | 19 039 | 20 925 | 21 561 | 21 561 | 21 561 | 23 299 | 24 673 | 26 030 |
| Other materials | – | – | – | – | – | – | – | 8 978 | 15 645 | 13 960 |
| Contracted services | 7 773 | 6 237 | 9 157 | 10 010 | 10 768 | 10 768 | 10 768 | 10 974 | 12 111 | 12 777 |
| Transfers and grants | – | 2 190 | 2 691 | 2 400 | 3 634 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Other expenditure | 16 926 | 17 414 | 18 230 | 37 256 | 35 318 | 35 318 | 35 318 | 37 174 | 45 376 | 47 236 |
| Loss on disposal of PPE | 1 830 | 1 333 | – | – | – | – | – | – | – | – |
| Total Expenditure | 90 871 | 103 424 | 96 561 | 119 558 | 121 445 | 121 445 | 121 445 | 143 252 | 169 672 | 176 837 |

The budgeted allocation for employee related costs for the 2014/15 financial year totals R45,7 million, which equals 31.9 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/15 MTREF. An annual increase of 6.4 and 5.4 per cent respectively has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced to within 5 per cent of the total salary bill.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The proclamation of 29 January 2014 in the

Government Gazette No. 37281 in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 77 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R1,5 million and escalates to R1,6 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation, amortisation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R4,1 million for the 2014/15 financial and equates to 2.8 per cent of the total operating expenditure. Provision for the rehabilitation of the landfill site has been adjusted upwards by 6 per cent (inflation rate) since there have been no changes since the last valuation.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.7 per cent (R970,152 thousand) of operating expenditure and decrease to R603,832 thousand by 2016/17. The Municipality has not yet reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it decreases to 0.03 per cent of total operating expenditure by 2016/17.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increase of 7.39 per cent over the 2014/15 MTREF has been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R10.8 million and has escalated by 1.9 per cent to R10,7 million in 2014/15. A portion of this expenditure relates to Expanded Public Works Programme (EPWP) one-year projects which address a call by National Government to all municipalities to create jobs in response to the National Development Plan (NDP). As part of the process of identifying further cost efficiencies, the significant portion of the refuse removal will be undertaken by the municipality and will be labour intensive, thus creating more jobs for the unemployed. Further details relating to contracted services can be seen in Table 56 MBRR SA1 (see page 98).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.3 per cent for 2014/15 and curbed at 5.9 and 4.1 per cent for the two outer years respectively. Further details relating to other expenditure can be seen in Table 56 MBRR SA1 (see page 98).

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

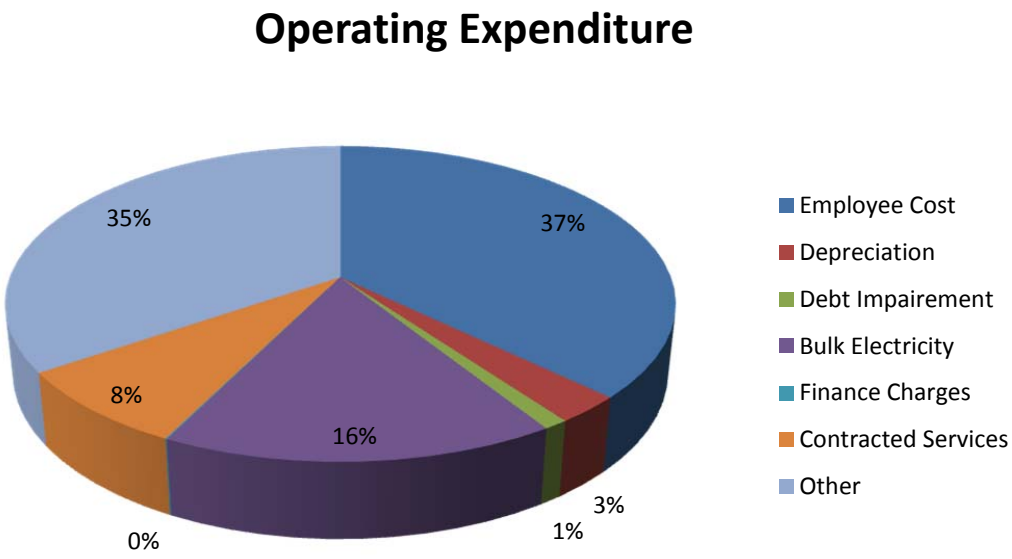



**Figure 1 Main operational expenditure categories for the 2014/15 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 10 Operational repairs and maintenance**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| R thousand | | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | |
| Employee related costs | 1 605 | 2 157 | 2 443 | 2 196 | 4 770 | 4 770 | 1 963 | 2 968 | 3 216 | 3 422 |
| Other materials | 1 820 | 1 198 | 5 491 | 8 311 | 8 242 | 8 242 | 8 242 | 8 978 | 15 645 | 13 960 |
| Contracted Services | 116 | 1 397 | 448 | 326 | 559 | 559 | 559 | 594 | 629 | 663 |
| Other Expenditure | – | – | – | – | – | – | – | – | – | – |
| Total Repairs and Maintenance Expenditure | 3 541 | 4 751 | 8 382 | 10 833 | 13 571 | 13 571 | 10 764 | 12 540 | 19 490 | 18 045 |

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. During the 2012/13 Adjustments Budget this allocation was adjusted upwards from R10,8 million to R13,6 million. However, due to the cash flow constraints faced by the Municipality, the repairs and maintenance budget has been reduced to R10.8 million in 2014/15 and steadily increasing to R18 million by 2016/17. Notwithstanding this reduction, as part of the 2014/15 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2014/15 excluding salaries and wages equates to 7.97 per cent in relation to the operating expenditure budget and flattens around 7 per cent in the two outer years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 11 Repairs and maintenance per asset class**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| R thousand | | | | | | | | | | |
| Repairs and Maintenance by Asset Class | | | | | | | | | | |
| *Infrastructure - Road transport* | 1 752 | 2 221 | 6 303 | 6 735 | 8 169 | 8 169 | 8 169 | 8 075 | 10 236 | 8 820 |
| *Infrastructure - Electricity* | 194 | 1 394 | 1 069 | 2 471 | 3 030 | 3 030 | 3 030 | 2 107 | 5 021 | 4 759 |
| *Infrastructure - Water* | 0 | – | – | – | – | – | – | – | – | – |
| *Infrastructure - Sanitation* | 0 | – | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | 0 | – | – | – | – | – | – | – | – | – |
| Community | – | – | – | 32 | 32 | 32 | 32 | – | – | – |
| Heritage assets | – | – | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – | – | – |
| Other assets | 1 595 | 1 137 | 1 010 | 1 595 | 2 340 | 2 340 | 2 340 | 2 358 | 4 233 | 4 466 |
| TOTAL EXPENDITURE OTHER ITEMS | 3 541 | 4 751 | 8 382 | 10 833 | 13 571 | 13 571 | 13 571 | 12 540 | 19 490 | 18 045 |

For the 2014/15 financial year, 81.2 per cent or R10,2 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling 64.4 per cent (R8,1 million), followed by buildings and distribution network infrastructure at 35.6 per cent (R4,5 million).

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 2,453 or more indigent households during the 2014/15 financial year, and steadily growing this number to approximately 2,756 or more by 2016/17, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 42.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 12 2014/15 Medium-term capital budget per vote**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Vote 1 - Governance and Administration | 500 | – | 91 | 1 318 | 1 000 | 1 000 | 1 000 | 840 | – | – |
| Vote 2 - Financial Services | – | – | 80 | 3 181 | 4 454 | 4 454 | 4 454 | 25 | – | – |
| Vote 3 - Corporate Services | 2 540 | 2 045 | 130 | 8 887 | 306 | 306 | 306 | 8 060 | – | – |
| Vote 4 - Community and Social Services | 430 | – | 94 | 1 | 54 | 54 | 54 | 81 | 8 | 8 |
| Vote 5 - Sports and Recreation | 150 | – | – | – | 1 200 | 1 200 | 1 200 | 1 776 | – | – |
| Vote 6 - Public Safety | 535 | – | 155 | 750 | 200 | 200 | 200 | 700 | 450 | – |
| Vote 7 - Planning and Development | 17 508 | 16 885 | 15 548 | 22 502 | 37 882 | 37 882 | 37 882 | 27 554 | 28 089 | 29 203 |
| Vote 8 - Roads Transport | – | – | – | 1 200 | – | – | – | 2 700 | – | 2 550 |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - Other | 20 | 3 941 | – | – | – | – | – | – | – | – |
| Vote 11 - Housing | 10 | – | – | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | 9 750 | 15 206 | 3 133 | 14 000 | 18 270 | 18 270 | 18 270 | 14 600 | 15 000 | 15 000 |
| Vote 13 - Waste Management | 250 | – | – | 5 787 | 2 370 | 2 370 | 2 370 | – | 1 700 | – |
| Total Capital Expenditure - Vote | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |

For 2014/15 an amount of R38,789 million has been appropriated for the development of infrastructure which represents 68.9 per cent of the total capital budget. In the outer years this amount totals R43,1 million, 95.2 per cent and R44.2 million, 94.5 per cent respectively for each of the financial years.

Total new assets in 2014/15 represent 90.2 per cent or R48,1 million of the total capital budget while asset renewal equates to 9.8 per cent or R5,2 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 40. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to

pages 87; 88 and 89). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

| Capital Expenditure Allocations | Ward | Budget Year 2014/15 | Source of Funds |
|---|---|---|---|
| | | R | |
| Road Infrastructure – Ncotshane | 2 | 7 500 000 | MIG |
| Access Road | 11 | 3 708 700 | MIG |
| Access Road | 8 | 3 708 700 | MIG |
| Mboloba Road | 10 | 2 510 200 | MIG |
| Community Hall | 9 | 1 748 000 | MIG |
| Community Hall | 12 | 1 748 000 | MIG |
| Community Hall | 13 | 1 748 000 | MIG |
| Creche | 7 | 752 000 | MIG |
| Sportsfield | 7 | 1 121 794 | MIG |
| Sportsfield | 14 | 1 121 803 | MIG |
| Sportsfield | 3 | 1 121 803 | MIG |
| Electrification Programme: | | | |
| - Kwagaqa | | 3 000 000 | DOE |
| - Magude, Nyaliza, Mpalaza and KwaMpondo | | 9 000 000 | DOE |
| Vehicles and buildings | | 10 215 000 | LOANS |
| Machinery, furniture and equipment | | 7 331 950 | OWN |
| **TOTAL** | | **56 335 950** | |

Furthermore pages 87 to 88 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

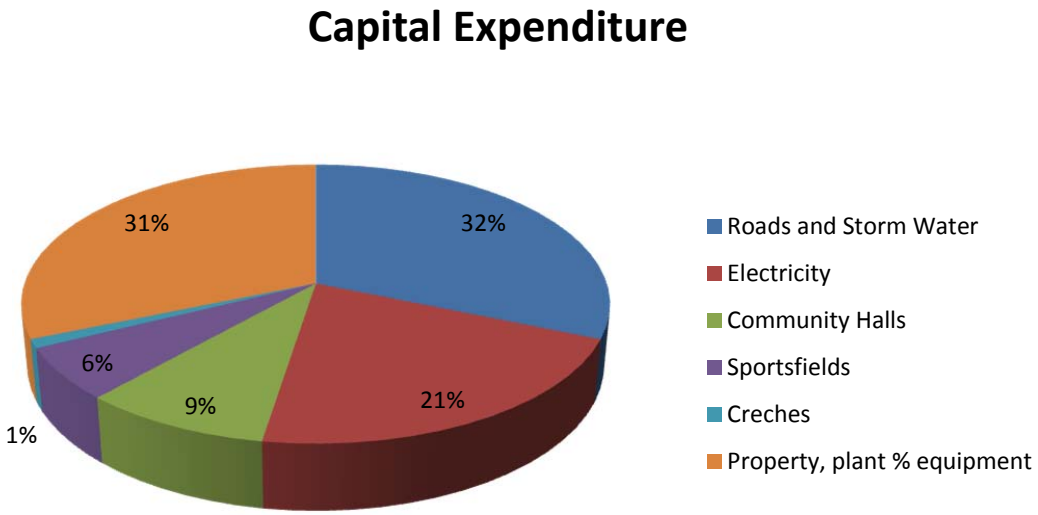



**Figure 2 Capital Infrastructure Programme**

### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R14.3 million in 2014/15 and escalates R15,9 million by 2016/17.

## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes.

## Table 13 MBRR Table A1 - Budget Summary

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Financial Performance | | | | | | | | | | |
| Property rates | 10 255 | 10 952 | 14 051 | 13 837 | 17 797 | 17 797 | 17 797 | 23 064 | 24 425 | 25 768 |
| Service charges | 19 444 | 23 234 | 28 785 | 29 485 | 30 661 | 30 661 | 30 661 | 33 313 | 34 790 | 36 703 |
| Investment revenue | 909 | 1 069 | 1 043 | 1 314 | 1 377 | 1 377 | 1 377 | 1 762 | 1 548 | 1 633 |
| Transfers recognised - operational | 47 433 | 57 611 | 66 486 | 72 388 | 73 197 | 73 197 | 73 197 | 82 855 | 100 462 | 102 027 |
| Other own revenue | 9 512 | 6 997 | 8 753 | 8 946 | 9 029 | 9 029 | 9 029 | 9 589 | 10 155 | 10 713 |
| Total Revenue (excluding capital transfers and contributions) | 87 553 | 99 863 | 119 118 | 125 970 | 132 061 | 132 061 | 132 061 | 150 584 | 171 380 | 176 845 |
| Employee costs | 26 649 | 27 832 | 33 774 | 35 555 | 37 526 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |
| Remuneration of councillors | 4 220 | 5 842 | 5 997 | 6 880 | 7 041 | 7 041 | 7 041 | 7 393 | 7 762 | 8 150 |
| Depreciation & asset impairment | 2 718 | 2 974 | 4 372 | 3 823 | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |
| Finance charges | 399 | 749 | 765 | 1 339 | 405 | 405 | 405 | 970 | 571 | 604 |
| Materials and bulk purchases | 14 616 | 19 460 | 25 503 | 29 235 | 29 802 | 29 802 | 29 802 | 32 277 | 40 318 | 39 990 |
| Transfers and grants | – | 2 190 | 2 691 | 2 400 | 3 634 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Other expenditure | 44 089 | 27 542 | 29 924 | 48 636 | 47 455 | 47 455 | 47 455 | 49 602 | 59 027 | 61 637 |
| Total Expenditure | 92 691 | 86 590 | 103 025 | 127 868 | 129 686 | 129 686 | 129 686 | 143 252 | 169 672 | 176 837 |
| Transfers recognised - capital | (5 138) | 13 273 | 16 093 | (1 898) | 2 375 | 2 375 | 2 375 | 7 332 | 1 708 | 8 |
| Contributions recognised - capital | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 2 934 | 37 886 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| | | | | | | | | | | |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |
| Transfers recognised - capital | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | 4 154 | – | 17 543 | 7 279 | 7 279 | 7 279 | 10 215 | – | – |
| Total Capital Funding | 23 621 | 9 309 | 616 | 3 584 | 2 375 | 2 375 | 2 375 | 7 332 | 2 158 | 2 558 |
| Total sources of capital funds | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |
| Financial position | | | | | | | | | | |
| Total current assets | 46 106 | 42 771 | 59 436 | 47 162 | 57 608 | 57 608 | 57 608 | 45 619 | 61 075 | 61 612 |
| Total non current assets | 160 069 | 199 032 | 212 644 | 281 568 | 273 358 | 273 358 | 273 358 | 326 834 | 367 782 | 410 007 |
| Total current liabilities | 35 506 | 30 675 | 31 216 | 24 827 | 27 975 | 27 975 | 27 975 | 26 839 | 23 931 | 26 937 |
| Total non current liabilities | 9 100 | 12 916 | 8 579 | 25 545 | 10 876 | 10 876 | 10 876 | 21 352 | 20 133 | 20 478 |
| Community wealth/Equity | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 29 318 | 40 226 | 29 945 | 45 031 | 54 715 | 46 268 | 46 268 | 51 288 | 60 694 | 47 816 |
| Net cash from (used) investing | (17 686) | (35 125) | (19 104) | (57 627) | (65 736) | (65 736) | (65 736) | (56 336) | (45 247) | (46 761) |
| Net cash from (used) financing | 273 | (4 334) | (3 614) | 14 418 | 5 692 | 5 692 | 5 692 | 7 568 | (3 272) | (868) |
| Cash/cash equivalents at the year end | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Application of cash and investments | 13 049 | 5 398 | (14 600) | 11 617 | (11 421) | (19 555) | (19 555) | 3 267 | (4 018) | (2 088) |
| Balance - surplus (shortfall) | 2 360 | 10 778 | 38 002 | 9 705 | 29 494 | 29 181 | 29 181 | 8 878 | 28 338 | 26 596 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 88 197 | 198 344 | 212 567 | 281 568 | 273 358 | 273 358 | 326 834 | 326 834 | 367 782 | 410 007 |
| Depreciation & asset impairment | 2 718 | 2 974 | 4 372 | 3 823 | 3 823 | 3 823 | 4 536 | 4 536 | 5 441 | 6 376 |
| Renewal of Existing Assets | – | – | – | 5 928 | 5 928 | 5 928 | 5 928 | 8 245 | 9 171 | 11 000 |
| Repairs and Maintenance | 3 541 | 4 751 | 8 382 | 10 833 | 13 571 | 13 571 | 12 540 | 12 540 | 19 490 | 18 045 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | 1 568 | 1 568 | 2 691 | 3 811 | 5 045 | 5 045 | 4 030 | 4 030 | 9 268 | 9 778 |
| Revenue cost of free services provided | – | – | 2 691 | 6 072 | 6 072 | 6 072 | 5 011 | 5 011 | 6 424 | 6 777 |
| Households below minimum service level | | | | | | | | | | |
| Water: | 11 | 11 | 12 | 11 | 11 | 11 | 12 | 12 | 13 | 15 |
| Sanitation/sewerage: | 12 | 12 | 14 | 13 | 13 | 13 | 14 | 14 | 15 | 18 |
| Energy: | 13 | 13 | 12 | 13 | 13 | 13 | 13 | 13 | 14 | 17 |
| Refuse: | 22 | 22 | 24 | 23 | 23 | 23 | 26 | 26 | 27 | 33 |

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the

municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the electricity and roads backlog will have been very nearly eliminated.

## Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue - Standard | | | | | | | | | | |
| *Governance and administration* | | 59 616 | 81 870 | 60 589 | 63 894 | 68 778 | 68 778 | 65 672 | 72 361 | 75 237 |
| Executive and council | | 7 702 | 11 079 | 9 777 | 15 675 | 15 675 | 15 675 | 16 758 | 18 552 | 19 116 |
| Budget and treasury office | | 50 766 | 70 393 | 39 730 | 34 702 | 39 168 | 39 168 | 40 101 | 42 880 | 44 887 |
| Corporate services | | 1 147 | 398 | 11 082 | 13 517 | 13 935 | 13 935 | 8 814 | 10 929 | 11 234 |
| *Community and public safety* | | 3 333 | 4 445 | 12 893 | 14 034 | 15 368 | 15 368 | 14 352 | 15 777 | 16 539 |
| Community and social services | | 2 922 | 3 732 | 4 545 | 3 616 | 3 749 | 3 749 | 6 939 | 7 651 | 8 159 |
| Sport and recreation | | 28 | 54 | 1 503 | 2 251 | 3 451 | 3 451 | 2 262 | 2 376 | 2 435 |
| Public safety | | 383 | 660 | 6 845 | 7 724 | 7 724 | 7 724 | 5 151 | 5 749 | 5 944 |
| Housing | | – | – | – | 444 | 444 | 444 | – | – | – |
| Health | | – | – | – | – | – | – | – | – | – |
| *Economic and environmental services* | | 4 996 | 14 669 | 29 981 | 37 643 | 56 068 | 56 068 | 44 294 | 50 194 | 50 900 |
| Planning and development | | 2 479 | 12 339 | 22 407 | 27 618 | 46 043 | 46 043 | 35 320 | 38 902 | 40 294 |
| Road transport | | 2 517 | 2 330 | 7 256 | 10 025 | 10 025 | 10 025 | 8 974 | 11 292 | 10 606 |
| Environmental protection | | – | – | 318 | – | – | – | – | – | – |
| *Trading services* | | 27 687 | 23 234 | 33 724 | 46 363 | 47 392 | 47 392 | 63 775 | 74 706 | 76 911 |
| Electricity | | 17 471 | 18 309 | 27 728 | 40 203 | 40 608 | 40 608 | 53 587 | 63 712 | 65 425 |
| Water | | 329 | – | – | – | – | – | – | – | – |
| Waste water management | | – | – | – | – | – | – | – | – | – |
| Waste management | | 9 887 | 4 925 | 5 996 | 6 160 | 6 784 | 6 784 | 10 188 | 10 994 | 11 487 |
| *Other* | 4 | (7) | 258 | 547 | 537 | 537 | 537 | 1 279 | 1 431 | 1 461 |
| Total Revenue - Standard | 2 | 95 625 | 124 476 | 137 734 | 162 471 | 188 143 | 188 143 | 189 373 | 214 469 | 221 048 |
| Expenditure - Standard | | | | | | | | | | |
| *Governance and administration* | | 47 545 | 39 030 | 48 708 | 61 661 | 55 978 | 55 978 | 59 332 | 66 023 | 70 462 |
| Executive and council | | 9 811 | 12 880 | 15 373 | 22 118 | 21 907 | 21 907 | 22 307 | 23 905 | 25 288 |
| Budget and treasury office | | 28 758 | 10 817 | 18 912 | 22 818 | 20 340 | 20 340 | 22 293 | 24 441 | 26 349 |
| Corporate services | | 8 976 | 15 333 | 14 423 | 16 724 | 13 731 | 13 731 | 14 732 | 17 676 | 18 824 |
| *Community and public safety* | | 14 360 | 14 683 | 13 919 | 15 975 | 18 000 | 18 000 | 20 367 | 21 625 | 22 934 |
| Community and social services | | 3 286 | 4 367 | 4 405 | 5 096 | 5 882 | 5 882 | 8 362 | 8 878 | 9 421 |
| Sport and recreation | | 1 871 | 1 518 | 2 182 | 2 531 | 3 273 | 3 273 | 3 993 | 4 232 | 4 471 |
| Public safety | | 9 181 | 8 786 | 7 333 | 8 348 | 8 845 | 8 845 | 8 011 | 8 515 | 9 042 |
| Housing | | 22 | 13 | – | – | – | – | – | – | – |
| Health | | – | – | – | – | – | – | – | – | – |
| *Economic and environmental services* | | 12 063 | 12 014 | 15 588 | 19 296 | 23 316 | 23 316 | 26 134 | 34 662 | 34 006 |
| Planning and development | | 7 014 | 6 567 | 6 857 | 7 753 | 10 658 | 10 658 | 13 164 | 17 940 | 18 359 |
| Road transport | | 5 049 | 5 447 | 8 457 | 11 542 | 12 657 | 12 657 | 12 970 | 16 722 | 15 648 |
| Environmental protection | | – | – | 274 | – | – | – | – | – | – |
| *Trading services* | | 18 271 | 20 178 | 24 220 | 29 527 | 30 927 | 30 927 | 35 084 | 44 888 | 46 822 |
| Electricity | | 16 166 | 16 708 | 20 313 | 24 121 | 25 354 | 25 354 | 29 166 | 38 620 | 40 209 |
| Water | | – | – | – | – | – | – | – | – | – |
| Waste water management | | – | – | – | – | – | – | – | – | – |
| Waste management | | 2 105 | 3 470 | 3 907 | 5 406 | 5 573 | 5 573 | 5 919 | 6 268 | 6 613 |
| *Other* | 4 | 451 | 684 | 590 | 1 410 | 1 466 | 1 466 | 2 335 | 2 475 | 2 613 |
| Total Expenditure - Standard | 3 | 92 691 | 86 590 | 103 025 | 127 868 | 129 686 | 129 686 | 143 252 | 169 672 | 176 837 |
| Surplus/(Deficit) for the year | | 2 934 | 37 886 | 34 709 | 34 603 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity function. The electricity revenue excluding the equitable share amounting to R14,7 million allocated to this service and the capital revenue recognised totalling R12 million is R26,7 million compared to the operating costs which amount to R29,2 million. In 2012/13 financial year the municipality lost 5,6 million units of electricity which approximated R3,8 million. As already noted above, the municipality has undertaken a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. It is pleasing to note that in 2013/14, the electricity loss has substantially decreased from 18.5 percent to around 12.1 per cent as a result of replacing faulty meters and re-training of meter readers. Consequently, the electricity loss has been materially reduced in 2013/14 and in the 2014/15 MTREF as shown on Table SA8 on page 58.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

## Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Governance and Administration | | 7 702 | 11 079 | 9 777 | 15 675 | 15 675 | 15 675 | 16 758 | 18 552 | 19 116 |
| Vote 2 - Financial Services | | 42 196 | 70 393 | 39 730 | 34 702 | 39 168 | 39 168 | 40 101 | 42 880 | 44 887 |
| Vote 3 - Corporate Services | | 1 147 | 398 | 11 082 | 13 517 | 13 935 | 13 935 | 8 814 | 10 929 | 11 234 |
| Vote 4 - Community and Social Services | | 2 922 | 3 732 | 4 545 | 3 616 | 3 749 | 3 749 | 6 939 | 7 651 | 8 159 |
| Vote 5 - Sports and Recreation | | 28 | 54 | 1 503 | 2 251 | 3 451 | 3 451 | 2 262 | 2 376 | 2 435 |
| Vote 6 - Public Safety | | 383 | 660 | 6 845 | 7 724 | 7 724 | 7 724 | 5 151 | 5 749 | 5 944 |
| Vote 7 - Planning and Development | | 2 479 | 12 339 | 22 221 | 28 883 | 47 308 | 47 308 | 35 320 | 38 902 | 40 294 |
| Vote 8 - Roads Transport | | 2 517 | 2 330 | 6 244 | 7 495 | 7 495 | 7 495 | 8 974 | 11 292 | 10 606 |
| Vote 9 - Environmental Protection | | – | – | 318 | – | – | – | – | – | – |
| Vote 10 - Other | | 8 892 | 258 | 1 744 | 1 802 | 1 802 | 1 802 | 1 279 | 1 431 | 1 461 |
| Vote 11 - Housing | | – | – | – | 444 | 444 | 444 | – | – | – |
| Vote 12 - Electricity Services | | 17 471 | 18 309 | 27 728 | 40 203 | 40 608 | 40 608 | 53 587 | 63 712 | 65 425 |
| Vote 13 - Water Services | | – | – | – | – | – | – | – | – | – |
| Vote 14 - Waste Water Management | | – | – | – | – | – | – | – | – | – |
| Vote 15 - Waste Management | | 9 887 | 4 925 | 5 996 | 6 160 | 6 784 | 6 784 | 10 188 | 10 994 | 11 487 |
| Total Revenue by Vote | 2 | 95 625 | 124 476 | 137 734 | 162 471 | 188 143 | 188 143 | 189 373 | 214 469 | 221 048 |
| Expenditure by Vote *to be appropriated* | 1 | | | | | | | | | |
| Vote 1 - Governance and Administration | | 9 811 | 12 880 | 15 373 | 22 118 | 21 907 | 21 907 | 22 307 | 23 905 | 25 288 |
| Vote 2 - Financial Services | | 28 186 | 10 817 | 18 912 | 22 818 | 20 340 | 20 340 | 22 293 | 24 441 | 26 349 |
| Vote 3 - Corporate Services | | 8 976 | 15 333 | 14 423 | 16 724 | 13 731 | 13 731 | 14 732 | 17 676 | 18 824 |
| Vote 4 - Community and Social Services | | 3 286 | 4 367 | 4 405 | 5 096 | 5 882 | 5 882 | 8 362 | 8 878 | 9 421 |
| Vote 5 - Sports and Recreation | | 1 871 | 1 518 | 2 182 | 2 531 | 3 273 | 3 273 | 3 993 | 4 232 | 4 471 |
| Vote 6 - Public Safety | | 9 181 | 8 786 | 7 333 | 8 348 | 8 845 | 8 845 | 8 011 | 8 515 | 9 042 |
| Vote 7 - Planning and Development | | 5 265 | 6 567 | 6 038 | 7 753 | 10 658 | 10 658 | 13 164 | 17 940 | 18 359 |
| Vote 8 - Roads Transport | | 5 049 | 5 447 | 8 457 | 11 542 | 12 657 | 12 657 | 12 970 | 16 722 | 15 648 |
| Vote 9 - Environmental Protection | | – | – | 274 | – | – | – | – | – | – |
| Vote 10 - Other | | 2 773 | 684 | 1 409 | 1 410 | 1 466 | 1 466 | 2 335 | 2 475 | 2 613 |
| Vote 11 - Housing | | 22 | 13 | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | | 16 166 | 16 708 | 20 313 | 24 121 | 25 354 | 25 354 | 29 166 | 38 620 | 40 209 |
| Vote 13 - Water Services | | – | – | – | – | – | – | – | – | – |
| Vote 14 - Waste Water Management | | – | – | – | – | – | – | – | – | – |
| Vote 15 - Waste Management | | 2 105 | 3 470 | 3 907 | 5 406 | 5 573 | 5 573 | 5 919 | 6 268 | 6 613 |
| Total Expenditure by Vote | 2 | 92 691 | 86 590 | 103 025 | 127 868 | 129 686 | 129 686 | 143 252 | 169 672 | 176 837 |
| Surplus/(Deficit) for the year | 2 | 2 934 | 37 886 | 34 709 | 34 603 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 16 Surplus/(Deficit) calculations for the trading services**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| *Trading services* | | | | | | | | | |
| Electricity revenue | 14 689 | 18 309 | 23 366 | 23 868 | 24 273 | 24 273 | 26 529 | 27 604 | 29 123 |
| Operating expenditure | (16 166) | (16 708) | (20 313) | (24 121) | (25 354) | (25 354) | (29 166) | (38 620) | (40 209) |
| Surplus/(Deficit) for year | (1 477) | 1 601 | 3 054 | (253) | (1 081) | (1 081) | (2 637) | (11 015) | (11 086) |
| Waste management revenue | 4 755 | 4 925 | 5 419 | 5 617 | 6 389 | 6 389 | 6 785 | 7 185 | 7 580 |
| Operating expenditure | (2 105) | (3 470) | (3 907) | (5 406) | (5 573) | (5 573) | (5 919) | (6 268) | (6 613) |
| Surplus/(Deficit) for year | 2 650 | 1 455 | 1 511 | 211 | 815 | 815 | 866 | 917 | 968 |

2. The electricity trading deficit is increasing over the 2014/15 MTREF from R2,6 million in 2013/14 to R11 million by 2016/17. The deficit is mainly attributable to the increase in repairs and maintenance from R1,6 million to R4,1 million by 2016/17. Further, the increase in the cost of bulk purchases (sanctioned by NERSA, namely 8.06 per cent) exceeds the CPI. The expected revenue from electricity was increased by 7.39 per cent. The municipality has over the past years implemented the national electricity programme in the municipal area where it does not collect revenue. Further the electricity infrastructure in town is old and requires continued maintenance.

3. The solid waste management surplus remains constant over the MTREF translating into a surplus of 12.7 per cent for each of the respective financial years.

## Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 10 255 | 10 952 | 14 051 | 13 837 | 17 797 | 17 797 | 17 797 | 23 064 | 24 425 | 25 768 |
| Property rates - penalties & collection charges | – | – | – | – | – | | | – | – | – |
| Service charges - electricity revenue | 14 689 | 18 309 | 23 366 | 23 868 | 24 273 | 24 273 | 24 273 | 26 529 | 27 604 | 29 123 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 4 755 | 4 925 | 5 419 | 5 617 | 6 389 | 6 389 | 6 389 | 6 785 | 7 185 | 7 580 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 437 | 416 | 578 | 869 | 1 308 | 1 308 | 1 308 | 1 390 | 1 471 | 1 552 |
| Interest earned - external investments | 909 | 1 069 | 1 043 | 1 314 | 1 377 | 1 377 | 1 377 | 1 762 | 1 548 | 1 633 |
| Interest earned - outstanding debtors | 3 212 | 2 797 | 3 282 | 3 370 | 3 602 | 3 602 | 3 602 | 3 826 | 4 051 | 4 274 |
| Dividends received | – | – | – | – | – | – | – | – | – | – |
| Fines | 40 | – | 692 | 374 | 374 | 374 | 374 | 398 | 421 | 444 |
| Licences and permits | 2 986 | 3 163 | 2 143 | 2 315 | 2 294 | 2 294 | 2 294 | 2 436 | 2 580 | 2 722 |
| Agency services | 132 | 116 | 706 | 680 | 680 | 680 | 680 | 722 | 764 | 806 |
| Transfers recognised - operational | 47 433 | 57 611 | 66 486 | 72 388 | 73 197 | 73 197 | 73 197 | 82 855 | 100 462 | 102 027 |
| Other revenue | 308 | 849 | 1 251 | 1 339 | 771 | 771 | 771 | 819 | 867 | 915 |
| Gains on disposal of PPE | 2 397 | 17 | 101 | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 87 553 | 100 222 | 119 118 | 125 970 | 132 061 | 132 061 | 132 061 | 150 584 | 171 380 | 176 845 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 26 649 | 27 832 | 33 774 | 35 555 | 37 526 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |
| Remuneration of councillors | 4 220 | 4 549 | 5 997 | 6 880 | 7 041 | 7 041 | 7 041 | 7 393 | 7 762 | 8 150 |
| Debt impairment | 17 560 | 24 526 | 2 537 | 1 369 | 1 369 | 1 369 | 1 369 | 1 454 | 1 540 | 1 625 |
| Depreciation & asset impairment | 2 718 | 2 974 | 4 372 | 3 823 | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |
| Finance charges | 399 | 752 | 765 | 1 339 | 405 | 405 | 405 | 970 | 571 | 604 |
| Bulk purchases | 12 796 | 15 617 | 19 039 | 20 925 | 21 561 | 21 561 | 21 561 | 23 299 | 24 673 | 26 030 |
| Other materials | 1 820 | 3 844 | 6 464 | 8 311 | 8 242 | 8 242 | 8 242 | 8 978 | 15 645 | 13 960 |
| Contracted services | 7 773 | 6 237 | 9 157 | 10 010 | 10 768 | 10 768 | 10 768 | 10 974 | 12 111 | 12 777 |
| Transfers and grants | – | 2 190 | 2 691 | 2 400 | 3 634 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Other expenditure | 16 926 | 17 414 | 18 230 | 37 256 | 35 318 | 35 318 | 35 318 | 37 174 | 45 376 | 47 236 |
| Loss on disposal of PPE | 1 830 | 1 333 | – | – | – | – | – | – | – | – |
| Total Expenditure | 92 691 | 107 267 | 103 025 | 127 868 | 129 686 | 129 686 | 129 686 | 143 252 | 169 672 | 176 837 |
| Surplus/(Deficit) | (5 138) | (7 045) | 16 093 | (1 898) | 2 375 | 2 375 | 2 375 | 7 332 | 1 708 | 8 |
| Transfers recognised - capital | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Contributions recognised - capital | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 2 934 | 17 568 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| Taxation | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after taxation | 2 934 | 17 568 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| Attributable to minorities | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) attributable to municipality | 2 934 | 17 568 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 2 934 | 17 568 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R150,6 million in 2014/15 and escalates to R176,8 million by 2016/17. This represents a year-on-year increase of 14 per cent for the 2014/15 financial year and 17.4 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R23,1 million in the 2014/15 financial year and increases to R25,8 million by 2016/17 and represents 15.3 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. The tariff increases have been factored in at 6.2 per cent for 2014/15 and 5.9 per cent for 2015/16 and 5.5 per cent for 2016/17. The significant increase in property rates revenue is attributable to the implementation of the general valuation roll for the first time. The general valuation roll should have been implemented in 2013/14 but due to certain challenges the implementation thereof was deferred to 2014/15 after condonement by the MEC for Cooperative Governance and Traditional Affairs in terms of Section 80 of the Municipal Property Rates Act. The total rateable property value has increased from R2,164 billion to R2,891 billion or 33.6 per cent.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R32,9 million for the 2014/15 financial year and increasing to R36,7 million by 2016/17. For the 2014/15 financial year services charges amount to 21.8 per cent of the total revenue and slightly decreases to 20.7 per cent by 2016/17.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The equitable share increases from 54.9 per cent in 2014/15 to 57.4 per cent in 2016/17.
5. The appropriation for employee salaries and wages for 2014/15 is R45,7 million compared to R37,5 in 2013/14, an increase of 21.7 per cent. The Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for the 2014/15 financial year, with effect from 1 July 2014. Therefore, the salary cost has been increased by 6.79 per cent as directed by National Treasury in Circular 72. The percentage difference of 14.9 (21.7 – 6.8) per cent relates to additional human capacity required. The percentage of salaries and wages is 31.7 per cent (2013/14: 28.9 per cent) of the total operating budget.

6. The remuneration of Councillors has been increased by 5 per cent to R7,393 million in 2014/15 from R7,040 million in 2013/14 after taking into account the approved 2013/14 Upper Limits for Councillors, and increase to R8,150 million by 2016/17.

7. The budget for bulk purchases of electricity has been increased provisionally by 8.06 per cent to R23,3 million as per National Treasury Directive in Circular 72. The municipality has submitted a tariff application to NERSA (D-Forms) for 2014/15. The approved tariff

determination will be incorporated in the final 2014/15 budget and MTREF's for consideration by the Council. The bulk electricity appropriation increases to R26 million by 2016/17.

8. The other expenses budget amounts R37,2 million in 2014/15 and increase to R47,2 million by 2016/17. This represents a cumulative year-on-year increase of 33.7 per cent by 2016/17. These expenses are for day to day operations of the Council. The increase is informed by the need to improve delivery of basic services to the poor households and job creation.

## Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital expenditure - Vote | | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | | |
| Vote 1 - Governance and Administration | – | – | – | – | – | – | – | – | – | – |
| Vote 2 - Financial Services | – | – | – | – | – | – | – | – | – | – |
| Vote 3 - Corporate Services | – | 893 | – | – | – | – | – | – | – | – |
| Vote 4 - Community and Social Services | – | – | – | – | – | – | – | – | – | – |
| Vote 5 - Sports and Recreation | – | – | – | – | – | – | – | – | – | – |
| Vote 6 - Public Safety | – | – | – | – | – | – | – | – | – | – |
| Vote 7 - Planning and Development | 16 793 | 14 798 | 14 277 | 22 501 | 26 182 | 26 182 | 26 182 | 26 789 | 28 089 | 29 203 |
| Vote 8 - Roads Transport | – | – | – | – | – | – | – | – | – | – |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - Other | – | – | – | – | – | – | – | – | – | – |
| Vote 11 - Housing | – | – | – | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | – | 9 816 | 3 133 | 14 000 | 14 000 | 14 000 | 14 000 | 12 000 | 15 000 | 15 000 |
| Vote 13 - Waste Management | – | – | – | – | – | – | – | – | – | – |
| Capital multi-year expenditure sub-total | 16 793 | 25 506 | 17 410 | 36 501 | 40 182 | 40 182 | 40 182 | 38 789 | 43 089 | 44 203 |
| Single-year expenditure to be appropriated | | | | | | | | | | |
| Vote 1 - Governance and Administration | 500 | – | 91 | 1 318 | 1 000 | 1 000 | 1 000 | 840 | – | – |
| Vote 2 - Financial Services | – | – | 80 | 3 181 | 4 454 | 4 454 | 4 454 | 25 | – | – |
| Vote 3 - Corporate Services | 2 540 | 1 152 | 130 | 8 887 | 306 | 306 | 306 | 8 060 | – | – |
| Vote 4 - Community and Social Services | 430 | – | 94 | 1 | 54 | 54 | 54 | 81 | 8 | 8 |
| Vote 5 - Sports and Recreation | 150 | – | – | – | 1 200 | 1 200 | 1 200 | 1 776 | – | – |
| Vote 6 - Public Safety | 535 | – | 155 | 750 | 200 | 200 | 200 | 700 | 450 | – |
| Vote 7 - Planning and Development | 715 | 2 087 | 1 271 | 1 | 11 700 | 11 700 | 11 700 | 765 | – | – |
| Vote 8 - Roads Transport | – | – | – | 1 200 | – | – | – | 2 700 | – | 2 550 |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - Other | 20 | 3 941 | – | – | – | – | – | – | – | – |
| Vote 11 - Housing | 10 | – | – | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | 9 750 | 5 390 | – | – | 4 270 | 4 270 | 4 270 | 2 600 | – | – |
| Vote 13 - Waste Management | 250 | – | – | 5 787 | 2 370 | 2 370 | 2 370 | – | 1 700 | – |
| Capital single-year expenditure sub-total | 14 900 | 12 570 | 1 822 | 21 127 | 25 554 | 25 554 | 25 554 | 17 547 | 2 158 | 2 558 |
| Total Capital Expenditure - Vote | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 3 365 | 2 045 | 301 | 13 387 | 5 760 | 5 760 | 5 760 | 8 925 | – | – |
| Executive and council | 500 | – | 91 | 1 318 | 1 000 | 1 000 | 1 000 | 700 | – | – |
| Budget and treasury office | – | – | 80 | 3 181 | 4 454 | 4 454 | 4 454 | 25 | – | – |
| Corporate services | 2 865 | 2 045 | 130 | 8 887 | 306 | 306 | 306 | 8 200 | – | – |
| Community and public safety | 1 125 | – | 250 | 751 | 1 454 | 1 454 | 1 454 | 2 557 | 8 | 8 |
| Community and social services | 580 | – | 94 | 1 | 54 | 54 | 54 | 81 | 8 | 8 |
| Sport and recreation | – | – | – | – | 1 200 | 1 200 | 1 200 | 1 776 | – | – |
| Public safety | 535 | – | 155 | 750 | 200 | 200 | 200 | 700 | – | – |
| Housing | 10 | – | – | – | – | – | – | – | – | – |
| Economic and environmental services | 17 183 | 16 885 | 15 548 | 23 702 | 37 882 | 37 882 | 37 882 | 30 254 | 28 539 | 31 753 |
| Planning and development | 16 793 | 16 885 | 15 548 | 22 502 | 37 882 | 37 882 | 37 882 | 27 554 | 28 539 | 29 203 |
| Road transport | 390 | – | – | 1 200 | – | – | – | 2 700 | – | 2 550 |
| Environmental protection | – | – | – | – | – | – | – | – | – | – |
| Trading services | 10 000 | 19 147 | 3 133 | 19 787 | 20 640 | 20 640 | 20 640 | 14 600 | 16 700 | 15 000 |
| Electricity | 9 750 | 15 206 | 3 133 | 14 000 | 18 270 | 18 270 | 18 270 | 14 600 | 15 000 | 15 000 |
| Waste management | 250 | 3 941 | – | 5 787 | 2 370 | 2 370 | 2 370 | – | 1 700 | – |
| Other | 20 | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |
| Funded by: | | | | | | | | | | |
| National Government | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Provincial Government | – | – | – | – | – | – | – | – | – | – |
| District Municipality | – | – | – | – | – | – | – | – | – | – |
| Other transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Transfers recognised - capital | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | 4 154 | – | 17 543 | 7 279 | 7 279 | 7 279 | 10 215 | – | – |
| Internally generated funds | 23 621 | 9 309 | 616 | 3 584 | 2 375 | 2 375 | 2 375 | 7 332 | 2 158 | 2 558 |
| Total Capital Funding | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R38,8 million has been allocated of the total R53,3 million capital budget, which totals 72.7 per cent. This allocation decreases to R43,1 million in 2015/16 and then increase to R44,2 million in 2016/17 owing primarily to the fact that various projects reach completion in 2016/17 hence the spike in expenditure in year three.
3. Single-year capital expenditure has been appropriated at R17,5 million for the 2014/15 financial year and decreases significantly to R2,2 in 2015/16 and increases to R2,6 million by 2016/17.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national conditional grants and transfers, borrowings and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R38,8 million (72.7 per cent) and decrease to R44,2 million by 2016/17 (94.5 per cent). Borrowings have been provided at R10,2 million for 2014/15 only with internally generated funding totaling R7,3 million.

## Table 19 MBRR Table A6 - Budgeted Financial Position

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash | 3 201 | 7 772 | 529 | 3 | 3 | 3 | 3 | 4 | 6 | 5 |
| Call investment deposits | 12 207 | 8 403 | 22 873 | 21 318 | 18 070 | 9 622 | 9 622 | 12 142 | 24 315 | 24 503 |
| Consumer debtors | 18 744 | 25 019 | 34 174 | 16 226 | 38 412 | 46 859 | 46 859 | 32 351 | 35 768 | 36 255 |
| Other debtors | 1 407 | 1 443 | 1 722 | 502 | 984 | 984 | 984 | 984 | 847 | 710 |
| Current portion of long-term receivables | – | – | – | – | – | – | – | – | – | – |
| Inventory | 10 546 | 133 | 138 | 9 113 | 138 | 138 | 138 | 138 | 138 | 138 |
| Total current assets | 46 106 | 42 771 | 59 436 | 47 162 | 57 608 | 57 608 | 57 608 | 45 619 | 61 075 | 61 612 |
| Non current assets | | | | | | | | | | |
| Long-term receivables | 3 263 | 688 | – | – | – | – | – | – | – | – |
| Investments | – | – | – | – | – | – | – | – | – | – |
| Investment property | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 | 88 095 |
| Investment in Associate | – | – | – | – | – | – | – | – | – | – |
| Property, plant and equipment | 68 609 | 110 045 | 124 400 | 191 757 | 185 113 | 185 113 | 185 113 | 238 625 | 279 591 | 321 835 |
| Agricultural | – | – | – | – | – | – | – | – | – | – |
| Biological | – | – | – | – | – | – | – | – | – | – |
| Intangible | 102 | 127 | 72 | 1 716 | 72 | 72 | 72 | 36 | 18 | – |
| Other non-current assets | – | 78 | 78 | – | 78 | 78 | 78 | 78 | 78 | 78 |
| Total non current assets | 160 069 | 199 032 | 212 644 | 281 568 | 273 358 | 273 358 | 273 358 | 326 834 | 367 782 | 410 007 |
| TOTAL ASSETS | 206 175 | 241 802 | 272 080 | 328 730 | 330 965 | 330 965 | 330 965 | 372 453 | 428 856 | 471 619 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Bank overdraft | – | – | – | – | – | – | – | – | – | – |
| Borrowing | 1 006 | 2 464 | 2 647 | 4 152 | 2 647 | 2 647 | 2 647 | 3 722 | 3 418 | 3 504 |
| Consumer deposits | | | 1 181 | | | | | 1 181 | 1 181 | 1 181 |
| Trade and other payables | 34 500 | 28 211 | 27 388 | 20 676 | 25 328 | 25 328 | 25 328 | 21 935 | 19 332 | 22 252 |
| Provisions | | – | – | | | | | | | |
| Total current liabilities | 35 506 | 30 675 | 31 216 | 24 827 | 27 975 | 27 975 | 27 975 | 26 839 | 23 931 | 26 937 |
| Non current liabilities | | | | | | | | | | |
| Borrowing | 3 213 | 5 006 | 2 117 | 18 693 | 7 014 | 7 014 | 7 014 | 14 890 | 13 671 | 14 015 |
| Provisions | 5 886 | 7 910 | 6 462 | 6 852 | 3 862 | 3 862 | 3 862 | 6 462 | 6 462 | 6 462 |
| Total non current liabilities | 9 100 | 12 916 | 8 579 | 25 545 | 10 876 | 10 876 | 10 876 | 21 352 | 20 133 | 20 478 |
| TOTAL LIABILITIES | 44 605 | 43 591 | 39 795 | 50 372 | 38 851 | 38 851 | 38 851 | 48 191 | 44 064 | 47 415 |
| NET ASSETS | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |
| Reserves | – | – | – | – | – | – | – | – | – | – |
| Minorities' interests | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 100) providing a detailed analysis of the major components of a number of items, including:
    - Call investments deposits;
    - Consumer debtors;
    - Property, plant and equipment;
    - Trade and other payables;
    - Provisions non-current;
    - Changes in net assets; and
    - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

## Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Ratepayers and other | 33 570 | 37 882 | 57 639 | 49 716 | 55 356 | 55 356 | 55 356 | 50 961 | 55 981 | 60 521 |
| Government - operating | 47 433 | 57 611 | 63 318 | 72 388 | 73 197 | 72 888 | 72 888 | 82 855 | 100 462 | 102 027 |
| Government - capital | 8 072 | 24 613 | 21 784 | 36 501 | 56 082 | 44 382 | 44 382 | 38 789 | 43 089 | 44 203 |
| Interest | 4 140 | 3 866 | 4 325 | 1 314 | 1 377 | 1 377 | 1 377 | 5 588 | 5 600 | 5 908 |
| Dividends | – | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Suppliers and employees | (63 497) | (82 994) | (116 357) | (113 550) | (130 892) | (127 330) | (127 330) | (123 125) | (135 890) | (155 824) |
| Finance charges | (399) | (752) | (765) | (1 339) | (405) | (405) | (405) | (970) | (571) | (604) |
| Transfers and Grants | – | – | – | – | – | – | – | (2 810) | (7 976) | (8 415) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 29 318 | 40 226 | 29 945 | 45 031 | 54 715 | 46 268 | 46 268 | 51 288 | 60 694 | 47 816 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | 846 | 1 011 | (560) | – | – | – | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | – | (688) | 688 | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Capital assets | (18 532) | (35 449) | (19 232) | (57 627) | (65 736) | (65 736) | (65 736) | (56 336) | (45 247) | (46 761) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (17 686) | (35 125) | (19 104) | (57 627) | (65 736) | (65 736) | (65 736) | (56 336) | (45 247) | (46 761) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | – | – | (907) | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | – | (53) | (1 409) | 17 543 | 7 279 | 7 279 | 7 279 | 10 215 | 450 | 2 550 |
| Increase (decrease) in consumer deposits | 1 815 | (299) | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (1 542) | (3 982) | (1 297) | (3 125) | (1 587) | (1 587) | (1 587) | (2 647) | (3 722) | (3 418) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 273 | (4 334) | (3 614) | 14 418 | 5 692 | 5 692 | 5 692 | 7 568 | (3 272) | (868) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 11 904 | 767 | 7 226 | 1 821 | (5 329) | (13 776) | (13 776) | 2 520 | 12 175 | 187 |
| Cash/cash equivalents at the year begin: | 3 504 | 15 409 | 16 175 | 19 500 | 23 402 | 23 402 | 23 402 | 9 626 | 12 146 | 24 321 |
| Cash/cash equivalents at the year end: | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Municipality plans to undertake an extensive debt collection drive which will result in an increase of cash receipts from arrear debtors.
4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

5. Cash and cash equivalents totals R12,1 million as at the end of the 2014/15 financial year and escalate to R24,6 million by 2016/17.

### Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Other current investments > 90 days | – | – | – | – | – | – | – | – | – | – |
| Non current assets - Investments | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 14 784 | 5 445 | 6 043 | 1 840 | – | – | – | – | – | – |
| Unspent borrowing | – | – | – | – | – | – | | – | – | – |
| Statutory requirements | – | – | – | – | – | – | – | 5 666 | 4 536 | 4 306 |
| Other working capital requirements | (7 621) | (6 452) | (24 504) | 2 924 | (18 274) | (26 408) | (26 408) | (9 482) | (15 883) | (13 982) |
| Other provisions | 5 886 | 6 404 | 3 862 | 6 852 | 6 852 | 6 852 | 6 852 | 7 084 | 7 330 | 7 588 |
| Long term investments committed | – | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | – | – | – | – | – | – | – | – | – | – |
| Total Application of cash and investments: | 13 049 | 5 398 | (14 600) | 11 617 | (11 421) | (19 555) | (19 555) | 3 267 | (4 018) | (2 088) |
| Surplus(shortfall) | 2 360 | 10 778 | 38 002 | 9 705 | 29 494 | 29 181 | 29 181 | 8 878 | 28 338 | 26 596 |

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

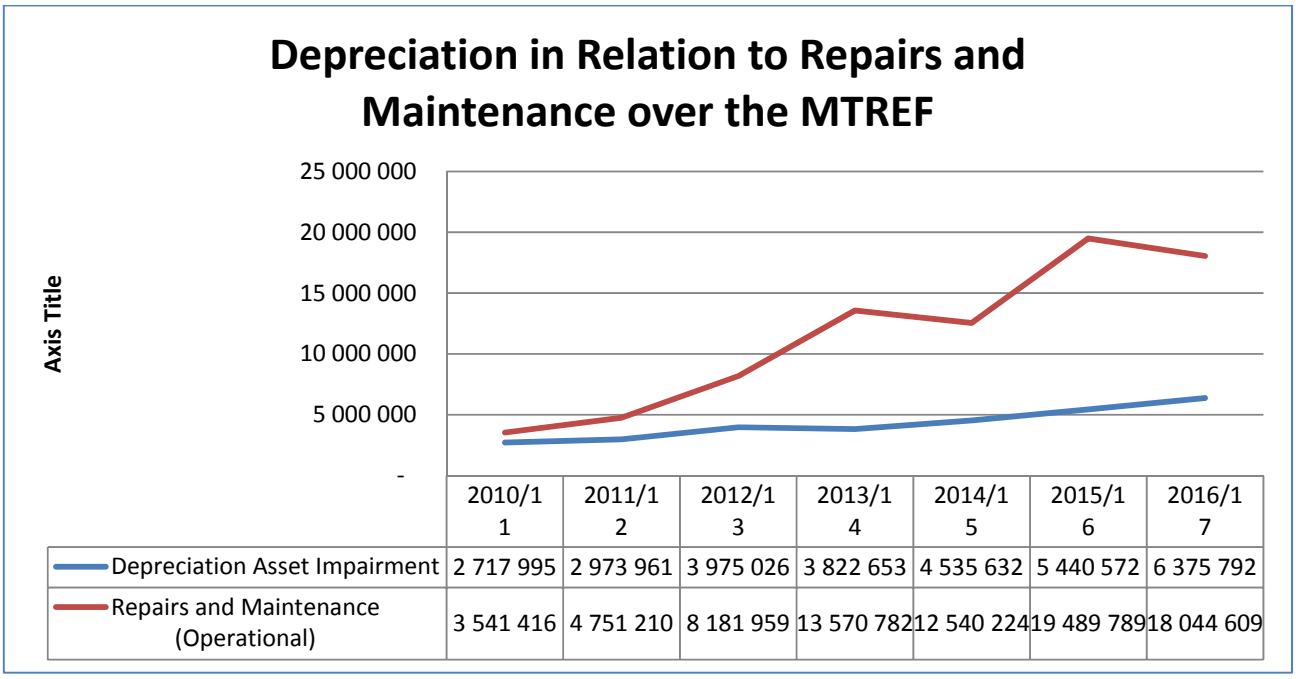
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 to 2013/14 the surplus deteriorated to an expected R29,1 million. From 2014/15 the surplus further declines to R8,9 million in 2014/15 and improves to R26,6 million by 2016/17.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF is funded in spite of the reduction in the surplus.

## Table 22 MBRR Table A9 - Asset Management

| Description | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Total New Assets | 1 | 17 413 | 16 885 | 14 277 | 22 160 | 23 955 | 23 955 | 11 983 | 9 450 | 22 403 |
| *Infrastructure - Road transport* | | 16 913 | 16 885 | 14 277 | 15 504 | 21 504 | 21 504 | 10 018 | 9 000 | 21 203 |
| *Infrastructure - Electricity* | | – | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | | – | – | – | – | – | – | – | – | – |
| Infrastructure | | *16 913* | *16 885* | *14 277* | *15 504* | *21 504* | *21 504* | *10 018* | *9 000* | *21 203* |
| Infrastructure - Other | | – | – | – | 3 553 | – | – | – | – | – |
| Parks & gardens | | – | – | – | – | – | – | – | – | – |
| Buildings | | – | – | – | – | – | – | – | – | – |
| Housing development | 6 | 500 | – | – | 3 103 | 2 451 | 2 451 | 1 965 | 450 | 1 200 |
| Computers - software & programming | | – | – | – | – | – | – | – | – | – |
| Total Renewal of Existing Assets | 2 | – | – | – | 2 525 | 2 525 | 2 525 | 7 500 | 9 171 | 8 000 |
| *Infrastructure - Road transport* | | – | – | – | 1 545 | 1 545 | 1 545 | 7 500 | 9 171 | 8 000 |
| *Infrastructure - Electricity* | | – | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | | – | – | – | – | – | – | – | – | – |
| Infrastructure - Other | | – | – | – | *1 545* | *1 545* | *1 545* | *7 500* | *9 171* | *8 000* |
| Infrastructure - Other | | – | – | – | – | – | – | – | – | – |
| Parks & gardens | | – | – | – | – | – | – | – | – | – |
| Buildings | | – | – | – | – | – | – | – | – | – |
| Housing development | 6 | – | – | – | 980 | 980 | 980 | – | – | – |
| Computers - software & programming | | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure | 4 | | | | | | | | | |
| *Infrastructure - Road transport* | | 16 913 | 16 885 | 14 277 | 17 049 | 23 049 | 23 049 | 17 518 | 18 171 | 29 203 |
| *Infrastructure - Electricity* | | – | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | | – | – | – | – | – | – | – | – | – |
| Infrastructure - Other | | *16 913* | *16 885* | *14 277* | *17 049* | *23 049* | *23 049* | *17 518* | *18 171* | *29 203* |
| Parks & gardens | | – | – | – | 3 553 | – | – | – | – | – |
| Buildings | | – | – | – | – | – | – | – | – | – |
| Housing development | | – | – | – | – | – | – | – | – | – |
| General vehicles | | 500 | – | – | 4 083 | 3 431 | 3 431 | 1 965 | 450 | 1 200 |
| Computers - software & programming | | – | – | – | – | – | – | – | – | – |
| TOTAL CAPITAL EXPENDITURE - Asset | 2 | 17 413 | 16 885 | 14 277 | 24 685 | 26 480 | 26 480 | 19 483 | 18 621 | 30 403 |
| ASSET REGISTER SUMMARY - PPE (WD | 5 | | | | | | | | | |
| *Infrastructure - Road transport* | | – | 77 713 | 72 933 | 105 148 | 105 148 | 105 148 | 85 439 | 101 152 | 127 762 |
| *Infrastructure - Electricity* | | – | 2 799 | 19 356 | 25 863 | 25 863 | 25 863 | 32 751 | 59 268 | 73 686 |
| *Infrastructure - Other* | | – | – | – | – | – | – | – | – | – |
| Infrastructure - Other | | – | *80 512* | *92 288* | *131 012* | *131 012* | *131 012* | *118 190* | *160 420* | *201 448* |
| Infrastructure - Other | | – | – | – | 6 850 | 6 850 | 6 850 | – | – | – |
| Parks & gardens | | – | 78 | 78 | 74 | 74 | 74 | 78 | 78 | 78 |
| Buildings | | – | – | – | – | – | – | – | – | – |
| Housing development | | – | 29 532 | 32 034 | 53 821 | 47 254 | 47 254 | 120 436 | 119 171 | 120 387 |
| Intangibles | | 102 | 127 | 72 | 1 716 | 72 | 72 | 36 | 18 | – |
| Computers - software & programming | | – | 78 | 78 | – | 78 | 78 | 78 | 78 | 78 |
| TOTAL ASSET REGISTER SUMMARY - P | 5 | 102 | 110 327 | 124 550 | 193 473 | 185 340 | 185 340 | 238 817 | 279 764 | 321 990 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| Finance charges | | 399 | 749 | 765 | 1 339 | 405 | 405 | 970 | 571 | 604 |
| Repairs and Maintenance by Asset Cl | 3 | 2 696 | 2 816 | 6 677 | 7 363 | 9 710 | 9 710 | 9 705 | 11 963 | 10 642 |
| *Infrastructure - Road transport* | | 1 608 | 2 233 | 6 246 | 6 657 | 8 092 | 8 092 | 7 993 | 10 149 | 8 728 |
| *Infrastructure - Electricity* | | – | – | – | 491 | 491 | 491 | 521 | 552 | 582 |
| *Infrastructure - Other* | | – | – | – | – | – | – | – | – | – |
| Infrastructure - Other | | *1 608* | *2 233* | *6 246* | *7 148* | *8 582* | *8 582* | *8 514* | *10 701* | *9 311* |
| Infrastructure - Other | | – | – | – | – | – | – | – | – | – |
| Parks & gardens | | – | – | – | – | – | – | – | – | – |
| Buildings | | – | – | – | – | – | – | – | – | – |
| Housing development | 6, 7 | 1 088 | 583 | 430 | 214 | 1 127 | 1 127 | 1 192 | 1 262 | 1 331 |
| TOTAL EXPENDITURE OTHER ITEMS | | 3 095 | 3 565 | 7 441 | 8 701 | 10 115 | 10 115 | 10 676 | 12 534 | 11 246 |
| *Renewal of Existing Assets as % of total capex* | | *0.0%* | *0.0%* | *0.0%* | *10.2%* | *9.5%* | *9.5%* | *38.5%* | *49.3%* | *26.3%* |
| *Renewal of Existing Assets as % of deprecn"* | | *0.0%* | *0.0%* | *0.0%* | *188.6%* | *623.4%* | *623.4%* | *773.1%* | *1606.6%* | *1324.9%* |
| *R&M as a % of PPE* | | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |
| *Renewal and R&M as a % of PPE* | | *2642.0%* | *3.0%* | *5.0%* | *5.0%* | *7.0%* | *7.0%* | *7.0%* | *8.0%* | *6.0%* |

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations due to the following:
   - The municipality has cash resources challenges.
   - There is a huge backlog of roads and electricity infrastructure that the municipality has prioritised for 2014/15 MTREF which requires a significant portion of available cash resources.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.




| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|---|
| Depreciation Asset Impairment | 2 717 995 | 2 973 961 | 3 975 026 | 3 822 653 | 4 535 632 | 5 440 572 | 6 375 792 |
| Repairs and Maintenance (Operational) | 3 541 416 | 4 751 210 | 8 181 959 | 13 570 782 | 12 540 224 | 19 489 789 | 18 044 609 |

**Figure 3 Depreciation in relation to repairs and maintenance over the MTREF**

## Table 23 MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Household service targets | | | | | | | | | |
| *Water:* | | | | | | | | | |
| Piped water inside dwelling | 1 632 | 1 632 | 1 726 | 1 654 | 1 654 | 1 654 | 1 830 | 1 880 | 2 236 |
| Piped water inside yard (but not in dwelling) | 9 533 | 9 533 | 10 070 | 9 705 | 9 706 | 9 706 | 10 674 | 10 965 | 13 044 |
| Using public tap (at least min.service level) | 1 780 | 1 780 | 2 014 | 1 812 | 1 812 | 1 812 | 2 135 | 2 193 | 2 609 |
| Other water supply (at least min.service level) | 3 356 | 3 356 | 3 452 | 3 418 | 3 417 | 3 417 | 3 660 | 3 759 | 4 472 |
| *Minimum Service Level and Above sub-total* | 16 301 | 16 301 | 17 262 | 16 589 | 16 589 | 16 589 | 18 299 | 18 797 | 22 361 |
| Using public tap (< min.service level) | – | – | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | 10 652 | 10 652 | 11 509 | 10 846 | 10 846 | 10 846 | 12 198 | 12 531 | 14 906 |
| No water supply | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| *Below Minimum Service Level sub-total* | 10 653 | 10 653 | 11 510 | 10 847 | 10 847 | 10 847 | 12 199 | 12 532 | 14 907 |
| Total number of households | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| *Sanitation/sewerage:* | | | | | | | | | |
| Flush toilet (connected to sewerage) | 2 452 | 2 452 | 2 589 | 2 496 | 2 496 | 2 496 | 2 745 | 2 820 | 3 354 |
| Flush toilet (with septic tank) | 790 | 790 | 863 | 805 | 805 | 805 | 915 | 940 | 1 118 |
| Chemical toilet | 1 552 | 1 552 | 1 726 | 1 580 | 1 580 | 1 580 | 1 830 | 1 880 | 2 236 |
| Pit toilet (ventilated) | 2 940 | 2 940 | 3 165 | 2 993 | 2 993 | 2 993 | 3 355 | 3 446 | 4 099 |
| Other toilet provisions (> min.service level) | 6 721 | 6 721 | 6 906 | 6 842 | 6 842 | 6 842 | 7 319 | 7 519 | 8 945 |
| *Minimum Service Level and Above sub-total* | 14 455 | 14 455 | 15 249 | 14 716 | 14 716 | 14 716 | 16 164 | 16 605 | 19 752 |
| Bucket toilet | 174 | 174 | 288 | 173 | 173 | 173 | 305 | 313 | 373 |
| Other toilet provisions (< min.service level) | – | – | – | – | – | – | – | – | – |
| No toilet provisions | 12 325 | 12 325 | 13 235 | 12 547 | 12 547 | 12 547 | 14 029 | 14 411 | 17 143 |
| *Below Minimum Service Level sub-total* | 12 499 | 12 499 | 13 523 | 12 720 | 12 720 | 12 720 | 14 334 | 14 724 | 17 516 |
| Total number of households | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| *Energy:* | | | | | | | | | |
| Electricity (at least min.service level) | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| Electricity - prepaid (min.service level) | – | – | – | – | – | – | – | – | – |
| *Minimum Service Level and Above sub-total* | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| Electricity (< min.service level) | – | – | – | – | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | – | – | – | – | – | – | – | – | – |
| Other energy sources | 12 830 | 12 830 | 12 072 | 13 056 | 13 056 | 13 056 | 12 796 | 13 564 | 17 378 |
| *Below Minimum Service Level sub-total* | 12 830 | 12 830 | 12 072 | 13 056 | 13 056 | 13 056 | 12 796 | 13 564 | 17 378 |
| Total number of households | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| *Refuse:* | | | | | | | | | |
| Removed at least once a week | 4 493 | 4 493 | 4 547 | 4 574 | 4 574 | 4 574 | 4 574 | 4 602 | 4 629 |
| *Minimum Service Level and Above sub-total* | 4 493 | 4 493 | 4 547 | 4 574 | 4 574 | 4 574 | 4 574 | 4 602 | 4 629 |
| Removed less frequently than once a week | 697 | 697 | 700 | 710 | 710 | 710 | 915 | 939 | 1 118 |
| Using communal refuse dump | 197 | 197 | 199 | 202 | 202 | 202 | 305 | 313 | 373 |
| Using own refuse dump | 16 552 | 16 552 | 16 850 | 16 853 | 16 853 | 16 853 | 18 604 | 19 110 | 22 733 |
| Other rubbish disposal | 221 | 221 | 221 | 226 | 226 | 226 | 248 | 263 | 279 |
| No rubbish disposal | 4 794 | 4 794 | 6 255 | 4 871 | 4 871 | 4 871 | 5 852 | 6 102 | 8 136 |
| *Below Minimum Service Level sub-total* | 22 461 | 22 461 | 24 225 | 22 862 | 22 862 | 22 862 | 25 924 | 26 727 | 32 639 |
| Total number of households | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | – | – | – | – | – | – | – | – | – |
| Sanitation (free minimum level service) | – | – | – | – | – | – | – | – | – |
| Electricity/other energy (50kwh per household per mo | 3 310 | 3 310 | 2 314 | 3 475 | 3 475 | 3 475 | 2 453 | 2 600 | 2 756 |
| Refuse (removed at least once a week) | 1 200 | 1 200 | – | 1 260 | 1 260 | 1 260 | – | – | – |
| Cost of Free Basic Services provided (R'000) | | | | | | | | | |
| Water (6 kilolitres per household per month) | – | – | – | – | – | – | – | – | – |
| Sanitation (free sanitation service) | – | – | – | – | – | – | – | – | – |
| Electricity/other energy (50kwh per household per mo | 232 | 232 | 2 691 | 2 400 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Refuse (removed once a week) | 1 336 | 1 336 | – | 1 411 | 1 411 | 1 411 | 1 220 | 1 292 | 1 363 |
| Total cost of FBS provided (minimum social packa | 1 568 | 1 568 | 2 691 | 3 811 | 5 045 | 5 045 | 4 030 | 9 268 | 9 778 |
| Highest level of free service provided | | | | | | | | | |
| Property rates (R value threshold) | – | – | – | – | – | – | – | – | – |
| Water (kilolitres per household per month) | – | – | – | – | – | – | – | – | – |
| Sanitation (kilolitres per household per month) | – | – | – | – | – | – | – | – | – |
| Sanitation (Rand per household per month) | – | – | – | – | – | – | – | – | – |
| Electricity (kwh per household per month) | – | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | – | – | – | – | – | – | – | – | – |
| Revenue cost of free services provided (R'000) | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | – | – | – | 387 | 387 | 387 | 589 | 623 | 658 |
| Property rates (other exemptions, reductions and rebates) | – | – | – | 1 521 | 1 521 | 1 521 | | 1 117 | 1 179 |
| Water | – | – | – | – | – | – | – | – | – |
| Sanitation | – | – | – | – | – | – | – | – | – |
| Electricity/other energy | – | – | 2 691 | 2 400 | 2 400 | 2 400 | 2 549 | 2 699 | 2 848 |
| Refuse | – | – | – | 1 764 | 1 764 | 1 764 | 1 873 | 1 984 | 2 093 |
| Municipal Housing - rental rebates | – | – | – | – | – | – | – | – | – |
| Housing - top structure subsidies | – | – | – | – | – | – | – | – | – |
| Other | – | – | – | – | – | – | – | – | – |
| Total revenue cost of free services provided (total social package) | – | – | 2 691 | 6 072 | 6 072 | 6 072 | 5 011 | 6 424 | 6 777 |

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
    a. Electricity services – backlog will be reduced by 1,714 households in 2014/15. As indicated elsewhere, the emphasis in the electricity sector is on providing electricity infrastructure to the uPhongolo households. Once the most pressing electricity backlog has been addressed, the electricity distribution network will be prioritised.
    b. Refuse services – This function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 2,453 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 2,756 households given the unfavourable economic conditions.
4. It is anticipated that these Free Basic Services will cost the municipality R4,1 million in 2014/15, increasing to R7,9 million in 2016/17. This is fully covered by the municipality's equitable share allocation from national government.
5. Currently, the 'free services' represent about 2 per cent of total operating revenue in 2014/15.

# Part 2 – Supporting Documentation

## 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Municipal Manager.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP/Budget Process Plan 28 August 2013. Key dates applicable to the process were:

- **August 2013** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **December 2013** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2014** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2014** - Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2014 –** Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **February 2014** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly;
- **March 20**14 - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014 –** Public consultation;
- **May 2014** - Closing date for written comments;
- **May 2014 –** Finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2013. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August 2013.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

### 2.1.4 Community Consultation

The draft 2014/15 MTREF as tabled before Council on 31 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

## 2.2 Overview of alignment of annual budget with IDP

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The IDP developed by the municipality aims at building a foundation for economic growth which is supported by the implementation of the National Development Plan (NDP). This is evidenced by a significant budget allocated to the development of the infrastructure as well Local Economic Development (LED) The municipality has a clear understanding of both national and provincial intent which will enable the municipality to strategically comply with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The National Development Plan identified a number of microeconomic reforms needed to boost economic growth and include amongst others:

- reducing cost of living for poor households;
- reducing cost of doing business;
- support for small, medium and micro enterprises (SMMEs), business start-ups, a greener and more sustainable economy; and
- support for local production, employment through government procurement and broadening and strengthening industrial development.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 24 IDP Strategic Objectives**

| STRATEGIC OBJECTIVES - 2014/15 MTREF |
|---|
| Develop and implement credible third generation IDP; implement a compliant PMS cascaded down to all levels; employ and develop highly effective workforce representative of municipality demographic profile and provide sufficient and effective support services for municipal operations. |
| Increase number of households with access to free basic services; maintain and ensure full functionality of infrastructure, facilities and amenities; support and develop community towards reduction of socio-economic challenges and ensure community and environmental safety and security. |
| Develop and implement the LED and tourism strategies; increase effors of supporting businesses, SMME's and Cooperatives and increase LED capacity and governance. |
| Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation. |
| Ensure a fully functional audit and risk management unit; establish and ensure functioning of all Council Structures and Committees; review and implement public participation strategy. |
| Develop and implement environmental management plan; SDF and LUMS; disaster management plan and fire services and participate in Intergovernmental relations. |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide water;
    - Provide sanitation;
    - Provide waste removal;
    - Provide housing;
    - Provide roads and storm water; and
    - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring there is a clear structural plan for the Municipality;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective city cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring save working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:
    - Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and

- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

| Strategic Objective | Goal | Goal Code | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Develop and implement credible third generation IDP; implement a compliant PMS cascaded down to all levels; employ and develop highly effective workforce representative of municipality demographic profile and provide sufficient and effective support services for municipal operations. | To increase organisation capacity by 10% each year. | A | A1; A2; A3; A4 | 1 632 | 1 567 | 13 195 | 16 276 | 16 694 | 16 694 | 11 128 | 13 134 | 13 504 |
| Increase number of households with access to free basic services; maintain and ensure full functionality of infrastructure, facilities and amenities; support and develop community towards reduction of socio-economic challenges and ensure community and environmental safety and security. | To increase access to municipal services by 5% each year | B | B1; B2; B3; B4 | 32 304 | 37 671 | 60 492 | 82 168 | 83 241 | 83 241 | 65 970 | 74 823 | 76 460 |
| Develop and implement the LED and tourism strategies; increase effors of supporting businesses, SMME's and Cooperatives and increase LED capacity and governance | To boost the Local Economy by 5 points each year. | C | C1; C2; C3 | 43 | 523 | 3 436 | 2 357 | 20 738 | 20 738 | 4 566 | 8 392 | 8 581 |
| Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation. | To increase own revenue by 5% each year. | | D1; D2; D3; D4 | 50 766 | 70 261 | 39 730 | 34 702 | 39 168 | 39 168 | 40 101 | 42 880 | 44 887 |
| Ensure a fully functional audit and risk management unit; establish and ensure functioning of all Council Structures and Committees; review and implement public participation strategy. | To achieve a clean audit | E | E1; E2; E3 | 7 218 | 9 910 | 7 664 | 12 916 | 12 916 | 12 916 | 14 443 | 16 348 | 16 846 |
| Develop and implement environmental management plan; SDF and LUMS; disaster management plan and fire services and participate in Intergovernmental relations. | To increase environmental and community safety | F | F1; F2; F3; F4 | 3 662 | 4 599 | 13 217 | 14 053 | 15 386 | 15 386 | 14 376 | 15 804 | 16 567 |
| Allocations to other priorities | | | 2 | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 | 95 625 | 124 531 | 137 734 | 162 471 | 188 143 | 188 143 | 150 584 | 171 380 | 176 845 |

## Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Develop and implement credible third generation IDP; implement a compliant PMS cascaded down to all levels; employ and develop highly effective workforce representative of municipality demographic profile and provide sufficient and effective support services for municipal operations. | To increase organisation capacity by 10% each year. | A | A1; A2; A3; A4 | 9 552 | 35 497 | 15 603 | 20 297 | 16 746 | 16 746 | 19 787 | 22 191 | 23 494 |
| Increase number of households with access to free basic services; maintain and ensure full functionality of infrastructure, facilities and amenities; support and develop community towards reduction of socio-economic challenges and ensure community and environmental safety and security. | To increase access to municipal services by 5% each year | B | B1; B2; B3; B4 | 28 779 | 32 610 | 37 090 | 45 277 | 49 831 | 49 831 | 54 560 | 68 039 | 69 347 |
| Develop and implement the LED and tourism strategies; increase effors of supporting businesses, SMME's and Cooperatives and increase LED capacity and governance | To boost the Local Economy by 5 points each year. | C | C1; C2; C3 | 2 007 | 1 929 | 3 034 | 4 938 | 5 837 | 5 837 | 8 719 | 15 309 | 16 163 |
| Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation. | To increase own revenue by 5% each year. | | D1; D2; D3; D4 | 28 758 | 10 817 | 18 912 | 22 818 | 20 340 | 20 340 | 22 479 | 23 634 | 24 987 |
| Ensure a fully functional audit and risk management unit; establish and ensure functioning of all Council Structures and Committees; review and implement public participation strategy. | To achieve a clean audit | E | E1; E2; E3 | 9 235 | 11 849 | 14 193 | 18 545 | 18 892 | 18 892 | 17 514 | 19 547 | 20 622 |
| Develop and implement environmental management plan; SDF and LUMS; disaster management plan and fire services and participate in Intergovernmental relations. | To increase environmental and community safety | F | F1; F2; F3: F4 | 14 360 | 14 700 | 14 193 | 15 993 | 18 041 | 18 041 | 20 410 | 21 671 | 22 982 |
| Allocations to other priorities | | | | | | | | | | | | |
| 0 | | | 1 | 92 691 | 107 403 | 103 025 | 127 868 | 129 686 | 129 686 | 143 469 | 170 391 | 177 596 |

**Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

| Strategic Objective | Goal | Goal | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Develop and implement credible third generation IDP; implement a compliant PMS cascaded down to all levels; employ and develop highly effective workforce representative of municipality demographic profile and provide sufficient and effective support services for municipal operations. | To increase organisation capacity by 10% each year. | A | A1; A2; A3; A4 | 2 865 | 2 045 | 130 | 8 906 | 306 | 306 | 9 200 | – | – |
| Increase number of households with access to free basic services; maintain and ensure full functionality of infrastructure, facilities and amenities; support and develop community towards reduction of socio-economic challenges and ensure community and environmental safety and security. | To increase access to municipal services by 5% each year | B | B1; B2; B3; B4 | 27 183 | 36 032 | 17 410 | 43 488 | 46 822 | 46 822 | 44 854 | 45 239 | 46 753 |
| Develop and implement the LED and tourism strategies; increase effors of supporting businesses, SMME's and Cooperatives and increase LED capacity and governance | To boost the Local Economy by 5 points each year. | C | C1; C2; C3 | – | – | 1 271 | 1 | 11 700 | 11 700 | – | – | – |
| Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation. | To increase own revenue by 5% each year. | | D1; D2; D3; D4 | – | – | 80 | 3 181 | 4 454 | 4 454 | 25 | – | – |
| Ensure a fully functional audit and risk management unit; establish and ensure functioning of all Council Structures and Committees; review and implement public participation strategy. | To achieve a clean audit | E | E1; E2; E3 | 500 | – | 91 | 1 300 | 1 000 | 1 000 | 700 | – | – |
| Develop and implement environmental management plan; SDF and LUMS; disaster management plan and fire services and participate in Intergovernmental relations. | To increase environmental and community safety | F | F1; F2; F3: F4 | 1 145 | – | 250 | 751 | 1 454 | 1 454 | 1 557 | 8 | 8 |
| Allocations to other priorities | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | 1 | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information. The Municipality has developed and implemented a performance management system which is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 28 MBRR Table SA7 - Measurable performance objectives**

| Description | Unit of measurement | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Planning & Development:Technical | | | | | | | | | | |
| Function: Roads | | | | | | | | | | |
| Sub-function: Eradication of backlogs | | | | | | | | | | |
| *Reduce roads and stormwater backlogs* | Kilometers | 7 | 7 | 7 | 7 | 7 | 7 | 9.9 | 10 | 10 |
| Function: Roads | | | | | | | | | | |
| Sub-function: Road maintenance | | | | | | | | | | |
| *Roads rehabilited* | Kilometers | - | - | - | 2 | 2 | 2 | 7.5 | 9.2 | 8 |
| Function: Technical Services | | | | | | | | | | |
| Sub-function: Eradication of backlogs | | | | | | | | | | |
| *New sub-rank for growth* | Number | - | - | - | - | - | - | - | - | - |
| Sub-function: Eradication of backlogs | | | | | | | | | | |
| *Construction of community halls* | Number | - | - | - | 1 | 1 | 1 | 3 | 2 | 3 |
| Sub-function: Eradication of backlogs | | | | | | | | | | |
| *Construction of sportfields* | Number | - | - | - | 3 | 3 | 3 | 3 | 3 | - |
| Sub-function: Eradication of backlogs | | | | | | | | | | |
| *Construction of creches* | Number | - | - | - | 3 | 3 | 3 | 1 | 4 | 2 |
| Community and Social Services | | | | | | | | | | |
| Function: Local Economic Development | | | | | | | | | | |
| Sub-function: Economic development | | | | | | | | | | |
| *Construction of flea market - phase 2* | Number | - | - | - | - | - | - | | | |
| *Construction of Imbube Cultural Centre* | Number | - | - | - | - | 1 | 1 | - | - | - |
| Electricity Services | | | | | | | | | | |
| Function: Electricity Services | | | | | | | | | | |
| Sub-function: Electricity Services | | | | | | | | | | |
| *Households provided with electricity* | Households | - | 1 215 | 762 | 1 714 | 1 714 | 1 714 | 1610 | 857 | 857 |
| Sub-function: Provide Public Lighting | | | | | | | | | | |
| *Installation of high mast in town* | | - | - | 1 | - | - | - | - | - | 5 |
| Sub-function: Excess to alternative | | | | | | | | | | |
| *Households provided with alternative energy* | Households | - | - | 1 059 | 1 065 | 1 065 | 1 065 | 1 130 | 1 050 | 1 000 |

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

**Table 29 MBRR Table SA8 - Performance indicators and benchmarks**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Other current investments > 90 days | – | – | – | – | – | – | – | – | – | – |
| Non current assets - Investments | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 14 784 | 5 445 | 6 043 | 1 840 | – | – | – | – | – | – |
| Unspent borrowing | – | – | – | – | – | – | | – | – | – |
| Statutory requirements | – | – | – | – | – | – | – | 5 666 | 4 536 | 4 306 |
| Other working capital requirements | (7 621) | (6 452) | (24 504) | 2 924 | (18 274) | (26 408) | (26 408) | (9 482) | (15 883) | (13 982) |
| Other provisions | 5 886 | 6 404 | 3 862 | 6 852 | 6 852 | 6 852 | 6 852 | 7 084 | 7 330 | 7 588 |
| Long term investments committed | – | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | – | – | – | – | – | – | – | – | – | – |
| Total Application of cash and investments: | 13 049 | 5 398 | (14 600) | 11 617 | (11 421) | (19 555) | (19 555) | 3 267 | (4 018) | (2 088) |
| Surplus(shortfall) | 2 360 | 10 778 | 38 002 | 9 705 | 29 494 | 29 181 | 29 181 | 8 878 | 28 338 | 26 596 |

### 2.2.1 Performance indicators and benchmarks

#### *2.2.1.1 Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uPhongolo Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 4.6 per cent to 2.8 per cent in 2016/17, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of borrowing cost in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily declined from 2.1 per cent in 2014/15 to 1.9 per cent in 2016/17. This decrease can be attributed to the of small loans to fund portions of the capital programme in the two outer years of the MTREF. The norm is 6%-8%. Clearly the municipality is operating below the norm which indicates that it has capacity to take on additional financing from borrowing to invest in infrastructure projects.

Although borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as excessive loans may have adverse financial leverage for the municipality.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 4.6 per cent which substantiates the above mentioned statement that the Municipality has not reached its prudential borrowing limits.

The Municipality has raised a combination of annuity and instalment sale loans in the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2014 and 2015. Debt service costs are expected to peak in 2014 due to the raising of new loans with the financial institutions.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

*2.2.1.2 Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. The debt equity ratio is 19.3 per cent in 2014/15 and escalates to 21.5 per cent by 2016/17.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. In 2014/15 the gearing ratio is 4.6 per cent and decreases to 3.5 per cent by 2016/15 In both instances the ratios are relatively low and this is primarily due to low borrowings in relation to own funds.

*2.2.1.3 Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.5 in 2014/15; 1.4 in 2015/16 and 1.2 in 2016/17. The norm range is between 1.5 to 2.1. The ratio for the 2014/15 MTREF indicates that the municipality will have difficulties in paying all its current or short term obligations when they fall due. Going forward it will be necessary to improve the liquidity levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything

below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio is 2.1 and decreases to 1.2 by 2016/17. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be maintained at a minimum of 1.

*2.2.1.4 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

*2.2.1.5 Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

*2.2.1.6 Other Indicators*

- Employee costs as a percentage of operating expenditure decreases from 31.8 per cent in 2014/15 to 29.1 per cent by 2016/17. Similarly the total remuneration of Councillors also shows a decreasing trend from 5.2 per cent in 2014/15 to 4.6 per cent by 2016/17. The total remuneration to operating ratio is 36.9 per cent in 2014/15 and decreases to 33.7 per cent in 2016/17. The norm is 25% and 40%. Going forward, this ratio needs to be carefully monitored.
- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as the increasing written down values of assets (WDV). In terms of Treasury Circular 66 the budget for repairs and maintenance should at least be 8 per cent of the WDV**.** The repairs and maintenance rate is 5.7 per cent in 2014/15 and 5.9 per cent by 2016/17. This rate has been arrived at by excluding the value of land from the written down value of total assets. Note land does not depreciate.

### 2.2.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 2,453 registered indigents have been provided for in the budget with this figured increasing to 2,756 by 2016/17. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, and 80% waste removal as well as a 100 per cent rebate on the value of property for property rates purposes.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 42.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

## 2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### 2.4.1. Review of credit control and debt collection procedures/policies

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 77 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### 2.4.2. Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### 2.4.3. Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### 2.4.4. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in July 2006 and was last review in December 2013 to take into account the new regulations. An amended policy was considered by Council in December 2013.

### 2.4.5. Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council on 31 March 2014 in respect of both Operating and Capital Budget Fund Transfers.

### 2.4.6. Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was approved by Council on 31 March 2014. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### 2.4.7. Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Budget Policy; and
- Indigent Policy.

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### 2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 31.8 per cent of total operating expenditure in the 2014/15 MTREF The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

### 2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2014/15

MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### 2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (77 per cent) of annual billings. Cash flow is assumed to be 77 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### 2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### 2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2015. Year three is an across the board increase of 5.54 per cent.

### 2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture;

- Fighting crime and corruption; and
- Economic growth.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of at least 77 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

New developments are taking place in uPhongolo. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 4th quarter of the 2014/15 financial year. The outcome of this initiative will

be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, and refuse removal constitute the biggest component of the revenue basket of the Municipality. With new developments taking place, it is expected that revenue from this services will grow exponentially.

Operational grants and subsidies are a major source of operating revenue. It needs to be noted that in real terms the grants receipts from national and provincial government are growing rapidly over the MTREF by 13.2 and 23.1 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,3 million, R1,4 million and R1,5 million for the respective three financial years of the 2014/15 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 31 MBRR SA15 – Detail Investment Information**

| Investment type | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Parent municipality | | | | | | | | | | |
| Securities - National Government | | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | | |
| Deposits - Bank | | 12 207 | 8 734 | 22 873 | 21 318 | 18 070 | 9 622 | 12 142 | 24 315 | 24 503 |
| Deposits - Public Investment Commissioners | | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | | |
| Municipal Bonds | | | | | | | | | | |
| Consolidated total: | | 12 207 | 8 734 | 22 873 | 21 318 | 18 070 | 9 622 | 12 142 | 24 315 | 24 503 |

**Table 32 MBRR SA16 – Investment particulars by maturity**

| Investments by Maturity | Period of Investment | Type of Investment | Interest Rate 3. | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|
| Name of institution & investment ID | Yrs/Months | | | | | | | | |
| Parent municipality | | | | | | | | | |
| First National Bank | 1 day call | Call Deposits | 6-8% | On Call | 5 196 | 1 319 | (107 572) | 107 572 | 6 516 |
| Standard Bank | 1 day call | Money Market | 5-6% | On Call | 2 021 | 201 | – | 757 | 2 979 |
| Nedbank | 1 day call | Money Market | 5-6% | On Call | 2 406 | 241 | (35 673) | 35 673 | 2 647 |
| | | | | | | | | | – |
| | | | | | | | | | – |
| | | | | | | | | | – |
| | | | | | | | | | – |
| TOTAL INVESTMENTS AND INTEREST | | | | | 9 622 | | (143 245) | 144 002 | 12 142 |

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The 2014/15 MTREF therefore provides for a budgeted surplus of in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

### 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 33 Sources of capital revenue over the MTREF**

| Description | 2013/14 Medium Term Revenue & Expenditure Framework | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Adjusted Budget 2013/14 | % | Budget Year 2014/15 | % | Budget Year 2015/16 | % | Budget Year 2016/17 | % |
| **Funded by:** | | | | | | | | |
| National Government | 47 973 250 | 83.2 | 38 789 000 | 68.9 | 43 089 000 | 95.2 | 44 203 000 | 94.5 |
| Provincial Government | | | - | | - | | | |
| Transfers recognised – capital | **47 973 250** | 83.3 | **38 789 000** | **68.9** | **43 089 000** | **95.2** | **44 203 000** | **94.5** |
| Borrowings | 7 279 000 | 12.6 | 10 215 000 | 18.1 | 450 000 | 1.0 | 2 550 000 | **5.5** |
| Internally generated funds | 2 375 000 | 4.1 | 7 331 950 | 13.0 | 1 708 000 | 3.8 | 8 000 | **0.0** |
| **Total Capital Funding** | **57 627 250** | **100.0** | **56 335 950** | **100.0** | **45 247 000** | **100.0** | **46 761 000** | **100.0** |

The above table is graphically represented as follows for the 2014/15 MTREF.

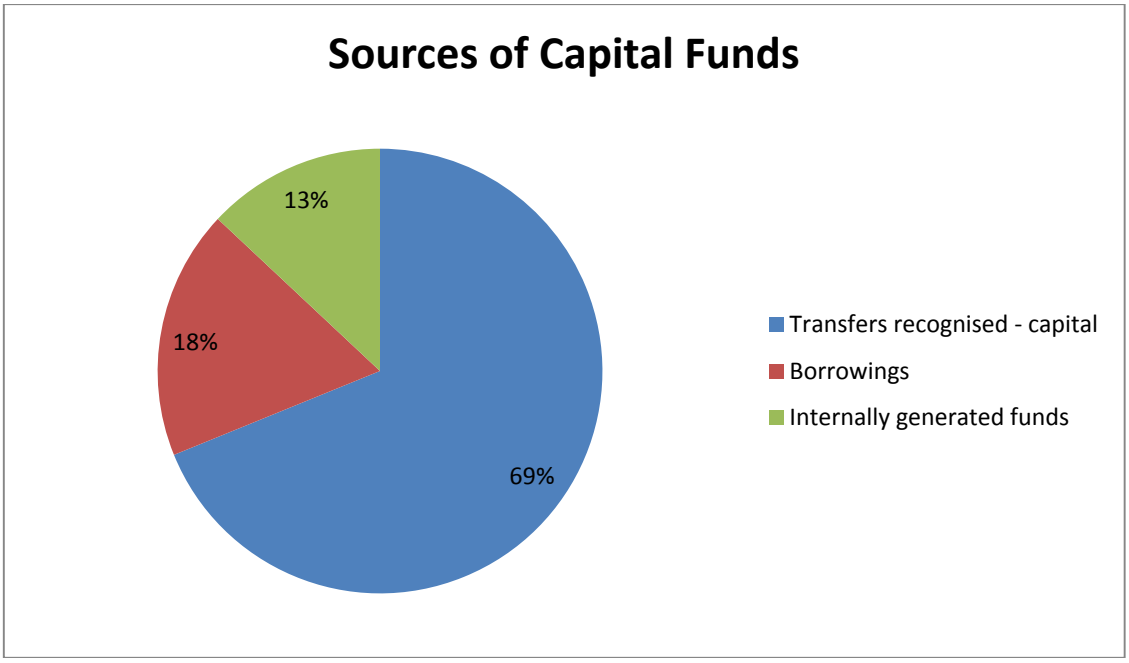



**Figure 4 Sources of capital revenue for the 2014/15 financial year**

Capital grants and receipts equates to 69 per cent of the total funding source which represents R38,8 million for the 2014/15 financial year.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R10,2 million to be raised in 2014/15 or 18 per cent of the total funding sources. As explained earlier, the borrowing capacity of the Municipality has not yet reached its limits and there is still room for additional borrowings. However, further borrowings should be carefully considered against the level of cash resources. At this stage more borrowing than budgeted for should not be considered as this might adversely affect the solvency of the municipality.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 34 MBRR Table SA 17 - Detail of borrowings**

| Borrowing - Categorised by type | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | 3 213 | 2 430 | 845 | 12 091 | 1 235 | 1 235 | 4 805 | 4 029 | 4 335 |
| Long-Term Loans (non-annuity) | | | | | | | | | | |
| Local registered stock | | | | | | | | | | |
| Instalment Credit | | – | 2 576 | 1 272 | 6 602 | 5 780 | 5 780 | 10 085 | 9 642 | 9 680 |
| Financial Leases | | | | | | | | | | |
| PPP liabilities | | | | | | | | | | |
| Finance Granted By Cap Equipment Supplier | | | | | | | | | | |
| Marketable Bonds | | | | | | | | | | |
| Non-Marketable Bonds | | | | | | | | | | |
| Bankers Acceptances | | | | | | | | | | |
| Financial derivatives | | | | | | | | | | |
| Other Securities | | | | | | | | | | |
| Total Borrowing | 1 | 3 213 | 5 006 | 2 117 | 18 693 | 7 014 | 7 014 | 14 890 | 13 671 | 14 015 |
| Unspent Borrowing - Categorised by type | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | – | – | – | – | – | – | – | – | – |
| Long-Term Loans (non-annuity) | | – | – | – | – | – | – | – | – | – |
| Local registered stock | | – | – | – | – | – | – | – | – | – |
| Instalment Credit | | – | – | – | – | – | – | – | – | – |
| Financial Leases | | – | – | – | – | – | – | – | – | – |
| PPP liabilities | | – | – | – | – | – | – | – | – | – |
| Finance Granted By Cap Equipment Supplier | | – | – | – | – | – | – | – | – | – |
| Marketable Bonds | | – | – | – | – | – | – | – | – | – |
| Non-Marketable Bonds | | – | – | – | – | – | – | – | – | – |
| Bankers Acceptances | | – | – | – | – | – | – | – | – | – |
| Financial derivatives | | – | – | – | – | – | – | – | – | – |
| Other Securities | | – | – | – | – | – | – | – | – | – |
| Total Unspent Borrowing | 1 | – | – | – | – | – | – | – | – | – |

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R7,3 million in 2014/15, and R8 thousand in 2016/17.

**Table 35 MBRR Table SA 18 - Capital transfers and grant receipts**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |
| Transfers recognised - capital | 8 072 | 24 613 | 18 616 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | 4 154 | – | 17 543 | 7 279 | 7 279 | 7 279 | 10 215 | – | – |
| Internally generated funds | 23 621 | 9 309 | 616 | 3 584 | 2 375 | 2 375 | 2 375 | 7 332 | 2 158 | 2 558 |
| Total sources of capital funds | 31 693 | 38 076 | 19 232 | 57 627 | 65 736 | 65 736 | 65 736 | 56 336 | 45 247 | 46 761 |

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 36 MBRR Table A7 - Budget cash flow statement**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Ratepayers and other | 33 570 | 37 882 | 57 639 | 49 716 | 55 356 | 55 356 | 55 356 | 66 184 | 69 951 | 73 806 |
| Government - operating | 47 433 | 57 611 | 63 318 | 72 388 | 73 197 | 73 197 | 73 197 | 82 855 | 100 462 | 102 027 |
| Government - capital | 8 072 | 24 613 | 21 784 | 36 501 | 56 082 | 56 082 | 56 082 | 38 789 | 43 089 | 44 203 |
| Interest | 4 140 | 3 866 | 4 325 | 1 314 | 1 377 | 1 377 | 1 377 | 5 588 | 5 600 | 5 908 |
| Dividends | – | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Suppliers and employees | (63 497) | (91 209) | (116 357) | (113 550) | (126 991) | (126 991) | (126 991) | (147 839) | (162 031) | (168 682) |
| Finance charges | (399) | (752) | (765) | (1 339) | (405) | (405) | (405) | (471) | (571) | (604) |
| Transfers and Grants | – | – | – | – | – | – | – | (2 810) | (7 976) | (8 415) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 29 318 | 32 012 | 29 945 | 45 031 | 58 616 | 58 616 | 58 616 | 42 295 | 48 524 | 48 243 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | 846 | 1 350 | (560) | – | – | – | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | 3 263 | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | – | – | 688 | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Capital assets | (18 532) | (39 409) | (19 232) | (57 627) | (65 736) | (65 736) | (65 736) | (56 336) | (45 247) | (46 761) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (17 686) | (34 797) | (19 104) | (57 627) | (65 736) | (65 736) | (65 736) | (56 336) | (45 247) | (46 761) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | – | – | (907) | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | – | (729) | (1 409) | 17 543 | 7 279 | 7 279 | 7 279 | 10 215 | 450 | 2 550 |
| Increase (decrease) in consumer deposits | 1 815 | 299 | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (1 542) | 3 982 | (1 297) | (3 125) | (1 587) | (1 587) | (1 587) | (2 022) | (2 545) | (2 723) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 273 | 3 551 | (3 614) | 14 418 | 5 692 | 5 692 | 5 692 | 8 193 | (2 095) | (173) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 11 904 | 767 | 7 226 | 1 821 | (1 427) | (1 427) | (1 427) | (5 848) | 1 183 | 1 309 |
| Cash/cash equivalents at the year begin: | 3 504 | 15 409 | 16 175 | 19 500 | 19 500 | 19 500 | 19 500 | 18 073 | 12 225 | 13 408 |
| Cash/cash equivalents at the year end: | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 18 073 | 18 073 | 12 225 | 13 408 | 14 718 |

The above table shows that cash and cash equivalents of the Municipality are largely depleted in 2014/15 and increase in 2016/17. The Municipality plans to undertake an extensive debt collection process to boost cash levels and has acquired the services of a reputable debt collecting firm. It is expected the interventions will translate into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R14,7 million by 2016/17.

### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Other current investments > 90 days | – | – | – | – | – | – | – | – | – | – |
| Non current assets - Investments | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 14 784 | 5 445 | 6 043 | 1 840 | – | – | – | – | – | – |
| Unspent borrowing | – | – | – | – | – | – | | – | – | – |
| Statutory requirements | – | – | – | – | – | – | – | 5 666 | 4 536 | 4 306 |
| Other working capital requirements | (7 621) | (6 452) | (24 504) | 2 924 | (18 274) | (26 408) | (26 408) | (9 482) | (15 883) | (13 982) |
| Other provisions | 5 886 | 6 404 | 3 862 | 6 852 | 6 852 | 6 852 | 6 852 | 7 084 | 7 330 | 7 588 |
| Long term investments committed | – | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | – | – | – | – | – | – | – | – | – | – |
| Total Application of cash and investments: | 13 049 | 5 398 | (14 600) | 11 617 | (11 421) | (19 555) | (19 555) | 3 267 | (4 018) | (2 088) |
| Surplus(shortfall) | 2 360 | 10 778 | 38 002 | 9 705 | 29 494 | 29 181 | 29 181 | 8 878 | 28 338 | 26 596 |

From the above table it can be seen that the cash and investments available total R11,2 million in the 2014/15 financial year and decrease to R7,9 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. For the 2014/15 MTREF no provision has been made for this liability as the total conditional grants allocated have been factored into the 2014/15 MTREF capital programme of the Municipality.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet current obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- The provision for the landfill site rehabilitation is not cash backed. In future a need for a cash backed reserve will have to be created.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively improved over the 2014/15 MTREF. It should be noted that from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible considering the funding requirements of section 18 and 19 of the MFMA. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

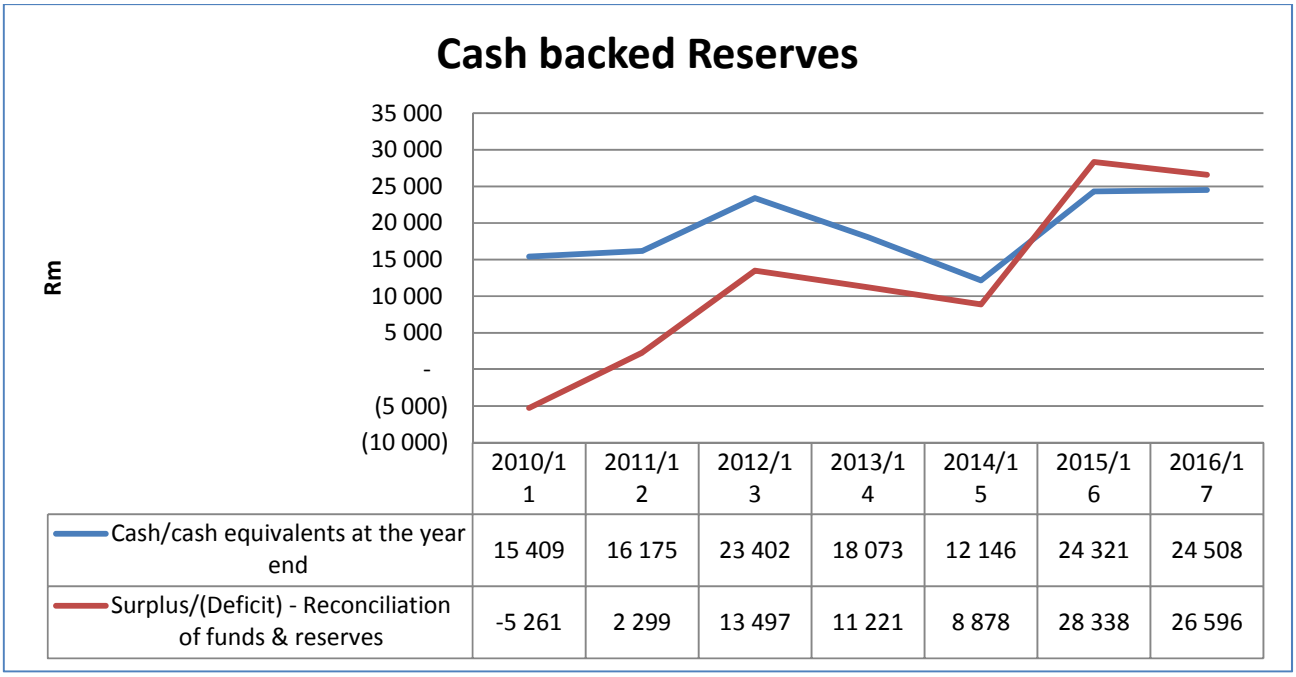



**Figure 5 Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 38 MBRR SA10 – Funding compliance measurement**

| Description | MFMA section | Ref | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 15 409 | 16 175 | 23 402 | 21 322 | 18 073 | 9 626 | 9 626 | 12 146 | 24 321 | 24 508 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 2 360 | 10 778 | 38 002 | 9 705 | 29 494 | 29 181 | 29 181 | 8 878 | 28 338 | 26 596 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 2 934 | 37 886 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | 5 | N.A. | 9.1% | 19.3% | (4.9%) | 5.9% | (6.0%) | (6.0%) | 10.3% | (1.0%) | (0.5%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 91.2% | 92.0% | 111.9% | 95.1% | 96.3% | 96.3% | 96.3% | 77.3% | 80.7% | 82.7% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 58.3% | 10.3% | 5.8% | 3.1% | 2.8% | 2.8% | 2.8% | 2.5% | 2.5% | 2.5% |
| Capital payments % of capital expenditure | 18(1)c;19 | 8 | 58.5% | 93.1% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 0.0% | (0.4%) | (228.9%) | 83.0% | 75.4% | 75.4% | 75.4% | 58.2% | 20.9% | 99.7% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | 10 | | | | | | | | 100.0% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | N.A. | 31.3% | 35.6% | (53.4%) | 135.5% | 21.4% | 0.0% | (15.4%) | 9.8% | 1.0% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | (78.9%) | (100.0%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 13 | 5.2% | 4.3% | 6.7% | 5.6% | 7.3% | 7.3% | 6.8% | 5.3% | 7.0% | 5.6% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 0.0% | 0.0% | 0.0% | 10.3% | 9.0% | 9.0% | 0.0% | 14.6% | 20.3% | 23.5% |

*2.6.5.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R12,1 million, R24,3 million and R26,6 million for each respective financial year.

*2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

*2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality

be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been fluctuating significantly for the period 2010/11 to 2012/13, moving from 2.5 per cent to 3.5 per cent by 2012/13. For the 2014/15 MTREF the ration remains constant at 1.4. As indicated above the Municipality aims to achieve at least 1.5 month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

*2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are

consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus of R46,1 million, R44.7 million and R44,2 thousand respectively.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

*2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 10.0 in 2014/15, and then becomes negative at 0.0.1 and 0.5 per cent for the two outer years of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.2 per cent, with the increase in electricity at 7.39 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

*2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100.0 in 2014/15 and 99.8 per cent in each of the two outer years of the MTREF. Given that the assumed collection rate was based on a 77 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

*2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 2.5 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

*2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that no timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to meet the commitments in the relevant accounting period.

*2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to 58.2 per cent of own funded capital.

*2.6.5.10Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

*2.6.5.11Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. This measures shows a relatively low trend which is not in line with the Municipality's policy of settling debtors accounts within 30 days.

*2.6.5.12Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 52 MBRR SA34C on page 89.

*2.6.5.13Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs

and maintenance' budgets. Further details in this regard are contained in Table 51 MBRR SA34b on page 88.

## 2.7 Expenditure on grants and reconciliations of unspent funds

### Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 45 824 | 55 912 | 62 263 | 69 929 | 823 | 70 752 | 81 553 | 99 247 | 100 533 |
| Local Government Equitable Share | 43 874 | 52 612 | 59 786 | 66 389 | | 66 389 | 76 982 | 96 330 | 97 415 |
| Finance Management | 1 200 | 1 500 | 1 500 | 1 650 | | 1 650 | 1 800 | 1 950 | 2 100 |
| Municipal Systems Improvement | 750 | 800 | 800 | 890 | | 890 | 934 | 967 | 1 018 |
| Expanded Public Works Programme Integrate | – | 1 000 | 177 | 1 000 | 823 | 1 823 | 1 837 | – | – |
| Provincial Government: | – | 402 | 637 | 1 225 | 434 | 1 520 | 1 202 | 1 115 | 1 394 |
| Community Library Services | – | – | 106 | 139 | 125 | 125 | 132 | 138 | 365 |
| Provincialisation of Libraries | – | 402 | 440 | 886 | | 886 | 920 | 977 | 1 029 |
| Maintenance of Sports Facility | | | | | | | 150 | – | – |
| Thusong Centre | – | – | 91 | – | 309 | 309 | – | – | – |
| IDP - Public Participation | – | – | | 200 | | 200 | – | – | – |
| District Municipality: | 50 | 50 | 100 | 50 | – | 50 | 100 | 100 | 100 |
| *ZDM Subsidy* | 50 | 50 | 100 | 50 | | 50 | 100 | 100 | 100 |
| Other grant providers: | – | – | – | – | – | – | – | – | – |
| Total operating expenditure of Transfers and G | 45 874 | 56 364 | 63 000 | 71 204 | 1 257 | 72 322 | 82 855 | 100 462 | 102 027 |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 22 963 | 25 793 | 20 326 | 37 685 | 3 681 | 41 366 | 38 789 | 43 089 | 44 203 |
| Municipal Infrastructure Grant (MIG) | 13 963 | 16 793 | 16 690 | 23 685 | 3 681 | 27 366 | 26 789 | 28 089 | 29 203 |
| Integrated Electrification- DME | 9 000 | 9 000 | 3 636 | 14 000 | – | 14 000 | 12 000 | 15 000 | 15 000 |
| Provincial Government: | – | – | 1 458 | – | 15 900 | 15 900 | – | – | – |
| Sports Facility | | | – | – | 1 200 | 1 200 | – | – | – |
| Small Town Rehabilitation & sports farcility | | | 1 458 | – | 14 700 | 14 700 | – | – | – |
| District Municipality: | – | – | – | – | – | – | – | – | – |
| *ZDM Subsidy* | | | | | | | | | |
| Other grant providers: | – | – | – | – | – | – | – | – | – |
| Total capital expenditure of Transfers and Grar | 22 963 | 25 793 | 21 784 | 37 685 | 19 581 | 57 266 | 38 789 | 43 089 | 44 203 |
| TOTAL EXPENDITURE OF TRANSFERS AND GI | 68 837 | 82 157 | 84 784 | 108 889 | 20 838 | 129 588 | 121 644 | 143 551 | 146 230 |

## Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | – | – | | – | – | – | – | – | – |
| Current year receipts | 45 824 | 55 112 | 59 786 | 69 929 | 823 | 70 752 | 81 553 | 99 247 | 100 533 |
| Conditions met - transferred to revenue | 45 824 | 55 112 | 58 963 | 69 929 | 823 | 70 752 | 81 553 | 99 247 | 100 533 |
| Conditions still to be met - transferred to liabilities | – | – | 823 | – | – | – | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | – | – | 1 740 | – | – | – | – | – | – |
| Current year receipts | – | 402 | 946 | 1 225 | (14) | 1 211 | 1 202 | 1 115 | 1 394 |
| Conditions met - transferred to revenue | – | 402 | 955 | 1 225 | (14) | 1 211 | 1 202 | 1 115 | 1 394 |
| Conditions still to be met - transferred to liabilities | | | 1 731 | – | – | – | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | – | – | – | – | – | – | | | |
| Current year receipts | 50 | 50 | 100 | 50 | – | 50 | 100 | 100 | 100 |
| Conditions met - transferred to revenue | 50 | 50 | – | 50 | – | 50 | 100 | 100 | 100 |
| Conditions still to be met - transferred to liabilities | | | 100 | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | – | – | – | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Total operating transfers and grants revenue | 45 874 | 55 564 | 59 918 | 71 204 | 809 | 72 013 | 82 855 | 100 462 | 102 027 |
| Total operating transfers and grants - CTBM | – | – | 2 654 | – | – | – | – | – | – |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | – | – | – | – | 3 681 | 3 681 | – | – | – |
| Current year receipts | 22 963 | 25 793 | 20 371 | 37 685 | 37 685 | 37 685 | 38 789 | 43 089 | 44 203 |
| Conditions met - transferred to revenue | 22 963 | 25 793 | 21 667 | 37 685 | 41 366 | 41 366 | 38 789 | 43 089 | 44 203 |
| Conditions still to be met - transferred to liabilities | – | – | (1 296) | – | – | – | – | – | – |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | 2 418 | – | 13 185 | 13 185 | – | – | – |
| Current year receipts | – | – | 12 225 | – | 3 675 | 3 675 | – | – | – |
| Conditions met - transferred to revenue | – | – | 1 458 | – | 16 860 | 16 860 | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | 13 185 | – | – | – | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | – | – | – | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | – | – | – | | | | | | |
| Current year receipts | – | 3 600 | – | | | | | | |
| Conditions met - transferred to revenue | – | 3 600 | – | – | – | – | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | | | | | | |
| Total capital transfers and grants revenue | 22 963 | 29 393 | 23 125 | 37 685 | 58 226 | 58 226 | 38 789 | 43 089 | 44 203 |
| Total capital transfers and grants - CTBM | – | – | 11 889 | – | – | – | – | – | – |
| TOTAL TRANSFERS AND GRANTS REVENUE | 68 837 | 84 957 | 83 043 | 108 889 | 59 035 | 130 239 | 121 644 | 143 551 | 146 230 |
| TOTAL TRANSFERS AND GRANTS - CTBM | – | – | 14 543 | – | – | – | – | – | – |

## 2.8 Councillor and employee benefits

### Table 41 MBRR SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | |
| Basic Salaries and Wages | 2 672 | 4 250 | 4 255 | 4 812 | 4 785 | 4 785 | 5 024 | 5 275 | 5 539 |
| Pension and UIF Contributions | – | – | – | – | – | – | – | – | – |
| Medical Aid Contributions | – | – | – | – | – | – | – | – | – |
| Motor Vehicle Allowance | 1 229 | 1 293 | 1 418 | 1 604 | 1 595 | 1 595 | 1 675 | 1 758 | 1 846 |
| Cellphone Allowance | 319 | 299 | 323 | 464 | 563 | 563 | 592 | 621 | 652 |
| Housing Allowances | – | – | – | – | – | – | – | – | – |
| Other benefits and allowances | – | – | – | – | 97 | 97 | 102 | 107 | 113 |
| Sub Total - Councillors | 4 220 | 5 842 | 5 997 | 6 880 | 7 041 | 7 041 | 7 393 | 7 762 | 8 150 |
| % increase | | 38.4% | 2.6% | 14.7% | 2.3% | – | 5.0% | 5.0% | 5.0% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | 1 770 | 1 180 | 2 209 | 4 639 | 2 983 | 2 983 | 2 975 | 3 165 | 3 368 |
| Pension and UIF Contributions | 8 | 22 | 5 | – | – | – | 8 | 8 | 9 |
| Medical Aid Contributions | 37 | – | – | – | – | – | – | – | – |
| Overtime | – | – | – | – | – | – | – | – | – |
| Performance Bonus | 231 | – | – | 526 | – | – | 417 | 443 | 472 |
| Motor Vehicle Allowance | 440 | 345 | 235 | 408 | 80 | 80 | 780 | 830 | 883 |
| Cellphone Allowance | 40 | 29 | 17 | 54 | – | – | 68 | 73 | 77 |
| Housing Allowances | 160 | – | – | 188 | – | – | – | – | – |
| Other benefits and allowances | 378 | 270 | 147 | 71 | – | – | – | – | – |
| Payments in lieu of leave | – | 130 | – | – | – | – | – | – | – |
| Long service awards | – | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | – | – | – |
| Sub Total - Senior Managers of Municipality | 3 064 | 1 976 | 2 613 | 5 886 | 3 063 | 3 063 | 4 248 | 4 520 | 4 809 |
| % increase | | (35.5%) | 32.3% | 125.2% | (48.0%) | – | 38.7% | 6.4% | 6.4% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | 15 648 | 18 512 | 20 991 | 21 264 | 24 250 | 24 250 | 30 739 | 32 696 | 34 771 |
| Pension and UIF Contributions | 1 848 | 1 879 | 2 171 | 2 340 | 2 741 | 2 741 | 3 688 | 3 924 | 4 175 |
| Medical Aid Contributions | 707 | 986 | 1 268 | 1 069 | 1 444 | 1 444 | 1 552 | 1 651 | 1 757 |
| Overtime | 1 856 | 2 387 | 2 178 | 1 720 | 1 512 | 1 512 | 1 242 | 1 322 | 1 405 |
| Performance Bonus | 1 120 | 1 167 | 1 472 | 1 840 | 2 862 | 2 862 | 2 402 | 2 555 | 2 717 |
| Motor Vehicle Allowance | 550 | 826 | 1 208 | 1 097 | 1 199 | 1 199 | 1 442 | 1 535 | 1 633 |
| Cellphone Allowance | – | – | 47 | 49 | 53 | 53 | 58 | 62 | 65 |
| Housing Allowances | 27 | 25 | 30 | 41 | 28 | 28 | 29 | 31 | 32 |
| Other benefits and allowances | 173 | 197 | 456 | 251 | 373 | 373 | 266 | 283 | 301 |
| Payments in lieu of leave | 533 | 233 | – | – | – | – | – | – | – |
| Long service awards | 1 125 | (72) | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | – | – | – |
| Sub Total - Other Municipal Staff | 23 586 | 26 140 | 29 821 | 29 670 | 34 463 | 34 463 | 41 417 | 44 057 | 46 856 |
| % increase | | 10.8% | 14.1% | (0.5%) | 16.2% | – | 20.2% | 6.4% | 6.4% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 30 870 | 33 958 | 38 431 | 42 436 | 44 567 | 44 567 | 53 058 | 56 339 | 59 816 |
| % increase | | 10.0% | 13.2% | 10.4% | 5.0% | – | 19.1% | 6.2% | 6.2% |
| TOTAL MANAGERS AND STAFF | 26 650 | 28 116 | 32 434 | 35 555 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |

## Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| Disclosure of Salaries, Allowances & Benefits 1.<br>Rand per annum | No. | Salary | Contributions<br>1. | Allowances | Performance Bonuses | In-kind benefits | Total Package<br>2. |
|---|---|---|---|---|---|---|---|
| Councillors | | | | | | | |
| Speaker | 1 | 427 031 | – | 168 035 | | | 595 066 |
| Chief Whip | – | – | – | – | | | – |
| Executive Mayor | 1 | 293 584 | – | 123 552 | | | 417 136 |
| Deputy Executive Mayor | 1 | 234 867 | – | 103 980 | | | 338 847 |
| Executive Committee | 3 | 660 562 | – | 297 261 | | | 957 823 |
| Total for all other councillors | 21 | 3 408 240 | – | 1 675 600 | | | 5 083 840 |
| Total Councillors | 27 | 5 024 284 | – | 2 368 428 | | | 7 392 712 |
| Senior Managers of the Municipality | | | | | | | |
| Municipal Manager | 1 | 705 972 | – | 199 500 | 98 832 | | 1 004 304 |
| Chief Finance Officer | 1 | 682 836 | – | 183 900 | 95 592 | | 962 328 |
| Corporate Services Manager | 1 | 528 756 | – | 157 500 | 74 028 | | 760 284 |
| Technical Services Manager | 1 | 528 756 | – | 157 500 | 74 028 | | 760 284 |
| Community Services Manager | 1 | 528 756 | – | 157 500 | 74 028 | | 760 284 |
| Total Senior Managers of the Municipality | 5 | 2 975 076 | – | 855 900 | 416 508 | | 4 247 484 |
| | | | | | | | |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 32 | 7 999 360 | – | 3 224 328 | 416 508 | | 11 640 196 |

## Table 43 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers | 2012/13 | | | Current Year 2013/14 | | | Budget Year 2014/15 | | |
|---|---|---|---|---|---|---|---|---|---|
| Number | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 27 | | 27 | 27 | | 27 | 27 | | 27 |
| Board Members of municipal entities | | | | | | | | | |
| Municipal employees | | | | | | | | | |
| Municipal Manager and Senior Managers | 5 | 3 | | 5 | 5 | | 5 | 8 | |
| Other Managers | 2 | 1 | 1 | 5 | 5 | | 6 | 6 | |
| Professionals | *23* | *23* | – | *25* | *25* | – | *23* | *13* | – |
| *Finance* | 3 | 3 | | 5 | 5 | | 3 | 3 | |
| *Spatial/town planning* | | | | | | | | | |
| *Information Technology* | | | | | | | | | |
| *Roads* | | | | | | | | | |
| *Electricity* | | | | | | | | | |
| *Water* | | | | | | | | | |
| *Sanitation* | | | | | | | | | |
| *Refuse* | | | | | | | | | |
| *Other* | 20 | 20 | | 20 | 20 | | 20 | 10 | |
| Technicians | *95* | *110* | – | *21* | *21* | – | *107* | *89* | – |
| *Finance* | 26 | 26 | | | | | 26 | 26 | |
| *Spatial/town planning* | | | | | | | | | |
| *Information Technology* | | | | | | | | | |
| *Roads* | 48 | 63 | | | | | 48 | 30 | |
| *Electricity* | | | | | | | | | |
| *Water* | | | | | | | | | |
| *Sanitation* | | | | | | | | | |
| *Refuse* | | | | | | | 12 | 12 | |
| *Other* | 21 | 21 | | 21 | 21 | | 21 | 21 | |
| Clerks (Clerical and administrative) | | | | | | | 77 | 20 | |
| Service and sales workers | | | | | | | | | |
| Skilled agricultural and fishery workers | | | | | | | | | |
| Craft and related trades | | | | | | | | | |
| Plant and Machine Operators | 28 | 24 | | | | | 28 | 24 | |
| Elementary Occupations | 74 | 74 | 50 | 124 | 100 | 24 | 58 | 30 | |
| TOTAL PERSONNEL NUMBERS | 254 | 235 | 78 | 207 | 156 | 51 | 331 | 190 | 27 |
| % increase | | | | (18.5%) | (33.6%) | (34.6%) | 59.9% | 21.8% | (47.1%) |
| Total municipal employees headcount | | | | | | | | | |
| Finance personnel headcount | 24 | 17 | 7 | 29 | 29 | 7 | 24 | 17 | 7 |
| Human Resources personnel headcount | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

## 2.9 Monthly targets for revenue, expenditure and cash flow

## Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | – | – | 2 340 | 2 340 | 2 340 | 2 340 | 2 340 | 2 340 | 2 340 | 2 340 | 2 340 | 2 001 | 23 064 | 24 425 | 25 768 |
| Property rates - penalties & collection charges | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 172 | 2 634 | 26 529 | 27 604 | 29 123 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 565 | 6 785 | 7 185 | 7 580 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 1 390 | 1 471 | 1 552 |
| Interest earned - external investments | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 422 | 1 762 | 1 548 | 1 633 |
| Interest earned - outstanding debtors | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 3 826 | 4 051 | 4 274 |
| Dividends received | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 398 | 421 | 444 |
| Licences and permits | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 2 436 | 2 580 | 2 722 |
| Agency services | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 722 | 764 | 806 |
| Transfers recognised - operational | 35 634 | | | | 25 661 | | | | 21 560 | | | – | 82 855 | 100 462 | 102 027 |
| Other revenue | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 819 | 867 | 915 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 39 293 | 3 659 | 5 999 | 5 999 | 31 660 | 5 999 | 5 999 | 5 999 | 27 559 | 5 999 | 5 999 | 6 420 | 150 584 | 171 380 | 176 845 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 45 665 | 48 577 | 51 665 |
| Remuneration of councillors | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 7 393 | 7 762 | 8 150 |
| Debt impairment | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 1 454 | 1 540 | 1 625 |
| Depreciation & asset impairment | 338 | 338 | 338 | 338 | 338 | 338 | 338 | 338 | 338 | 338 | 338 | 814 | 4 536 | 5 441 | 6 376 |
| Finance charges | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 538 | 970 | 571 | 604 |
| Bulk purchases | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 941 | 23 299 | 24 673 | 26 030 |
| Other materials | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 748 | 8 978 | 15 645 | 13 960 |
| Contracted services | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 491 | 10 974 | 12 111 | 12 777 |
| Transfers and grants | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 235 | 2 810 | 7 976 | 8 415 |
| Other expenditure | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 3 098 | 37 174 | 45 376 | 47 236 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Expenditure | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 11 895 | 12 407 | 143 252 | 169 672 | 176 837 |
| Surplus/(Deficit) | 27 398 | (8 236) | (5 896) | (5 896) | 19 765 | (5 896) | (5 896) | (5 896) | 15 664 | (5 896) | (5 896) | (5 987) | 7 332 | 1 708 | 8 |
| Transfers recognised - capital | 16 679 | | | | 12 025 | | | | 10 085 | | | – | 38 789 | 43 089 | 44 203 |
| Contributions recognised - capital | | | | | | | | | | | | – | – | – | – |
| Contributed assets | | | | | | | | | | | | – | – | – | – |
| Surplus/(Deficit) | 44 077 | (8 236) | (5 896) | (5 896) | 31 790 | (5 896) | (5 896) | (5 896) | 25 749 | (5 896) | (5 896) | (5 987) | 46 121 | 44 797 | 44 211 |

## Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Vote 1 - Governance and Administration | 5 259 | 468 | 468 | 468 | 3 922 | 468 | 468 | 468 | 3 365 | 468 | 468 | 468 | 16 758 | 18 552 | 19 116 |
| Vote 2 - Financial Services | 7 297 | 2 426 | 2 426 | 2 426 | 5 938 | 2 426 | 2 426 | 2 426 | 5 371 | 2 426 | 2 426 | 2 087 | 40 101 | 42 880 | 44 887 |
| Vote 3 - Corporate Services | 3 389 | 96 | 96 | 96 | 2 470 | 96 | 96 | 96 | 2 087 | 96 | 96 | 96 | 8 814 | 10 929 | 11 234 |
| Vote 4 - Community and Social Services | 2 039 | 227 | 227 | 227 | 1 533 | 227 | 227 | 227 | 1 323 | 227 | 227 | 227 | 6 939 | 7 651 | 8 159 |
| Vote 5 - Sports and Recreation | 886 | 21 | 21 | 21 | 645 | 21 | 21 | 21 | 544 | 21 | 21 | 21 | 2 262 | 2 376 | 2 435 |
| Vote 6 - Public Safety | 1 857 | 121 | 121 | 121 | 1 373 | 121 | 121 | 121 | 1 171 | 121 | 121 | (219) | 5 151 | 5 749 | 5 944 |
| Vote 7 - Planning and Development | 14 489 | 168 | 168 | 168 | 10 493 | 168 | 168 | 168 | 8 827 | 168 | 168 | 168 | 35 320 | 38 902 | 40 294 |
| Vote 8 - Roads Transport | 3 014 | 203 | 203 | 203 | 2 229 | 203 | 203 | 203 | 1 903 | 203 | 203 | 203 | 8 974 | 11 292 | 10 606 |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - Other | 515 | 9 | 9 | 9 | 373 | 9 | 9 | 9 | 315 | 9 | 9 | 8 | 1 279 | 1 431 | 1 461 |
| Vote 11 - Housing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | 13 682 | 2 202 | 2 202 | 2 202 | 10 479 | 2 202 | 2 202 | 2 202 | 9 144 | 2 202 | 2 202 | 2 664 | 53 587 | 63 712 | 65 425 |
| Vote 13 - Water Services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 14 - Waste Water Management | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 15 - Waste Management | 1 883 | 600 | 600 | 600 | 1 525 | 600 | 600 | 600 | 1 376 | 600 | 600 | 601 | 10 188 | 10 994 | 11 487 |
| Total Revenue by Vote | 54 310 | 6 542 | 6 542 | 6 542 | 40 979 | 6 542 | 6 542 | 6 542 | 35 425 | 6 542 | 6 542 | 6 324 | 189 373 | 214 469 | 221 048 |
| | | | | | | | | | | | | | | | |
| Vote 1 - Governance and Administration | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 843 | 22 307 | 23 905 | 25 288 |
| Vote 2 - Financial Services | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 687 | 22 293 | 24 441 | 26 349 |
| Vote 3 - Corporate Services | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 804 | 14 732 | 17 676 | 18 824 |
| Vote 4 - Community and Social Services | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 8 362 | 8 878 | 9 421 |
| Vote 5 - Sports and Recreation | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 3 993 | 4 232 | 4 471 |
| Vote 6 - Public Safety | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8 011 | 8 515 | 9 042 |
| Vote 7 - Planning and Development | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 309 | 13 164 | 17 940 | 18 359 |
| Vote 8 - Roads Transport | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 12 970 | 16 722 | 15 648 |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 10 - Other | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2 335 | 2 475 | 2 613 |
| Vote 11 - Housing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 12 - Electricity Services | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 430 | 29 166 | 38 620 | 40 209 |
| Vote 13 - Water Services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 14 - Waste Water Management | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Vote 15 - Waste Management | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 5 919 | 6 268 | 6 613 |
| Total Expenditure by Vote | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 540 | 143 252 | 169 672 | 176 837 |
| | | | | | | | | | | | | | | | |
| Surplus/(Deficit) for the year | 42 354 | (5 414) | (5 414) | (5 414) | 29 023 | (5 414) | (5 414) | (5 414) | 23 469 | (5 414) | (5 414) | (5 215) | 46 121 | 44 797 | 44 211 |

## Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | 15 944 | 2 991 | 2 991 | 2 991 | 12 329 | 2 991 | 2 991 | 2 991 | 10 823 | 2 991 | 2 991 | 2 651 | 65 672 | 72 361 | 75 237 |
| Executive and council | 5 259 | 468 | 468 | 468 | 3 922 | 468 | 468 | 468 | 3 365 | 468 | 468 | 468 | 16 758 | 18 552 | 19 116 |
| Budget and treasury office | 7 297 | 2 426 | 2 426 | 2 426 | 5 938 | 2 426 | 2 426 | 2 426 | 5 371 | 2 426 | 2 426 | 2 087 | 40 101 | 42 880 | 44 887 |
| Corporate services | 3 389 | 96 | 96 | 96 | 2 470 | 96 | 96 | 96 | 2 087 | 96 | 96 | 96 | 8 814 | 10 929 | 11 234 |
| *Community and public safety* | 4 782 | 369 | 369 | 369 | 3 551 | 369 | 369 | 369 | 3 037 | 369 | 369 | 29 | 14 352 | 15 777 | 16 539 |
| Community and social services | 2 039 | 227 | 227 | 227 | 1 533 | 227 | 227 | 227 | 1 323 | 227 | 227 | 227 | 6 939 | 7 651 | 8 159 |
| Sport and recreation | 886 | 21 | 21 | 21 | 645 | 21 | 21 | 21 | 544 | 21 | 21 | 21 | 2 262 | 2 376 | 2 435 |
| Public safety | 1 857 | 121 | 121 | 121 | 1 373 | 121 | 121 | 121 | 1 171 | 121 | 121 | (219) | 5 151 | 5 749 | 5 944 |
| *Economic and environmental services* | 17 503 | 371 | 371 | 371 | 12 722 | 371 | 371 | 371 | 10 730 | 371 | 371 | 371 | 44 294 | 50 194 | 50 900 |
| Planning and development | 14 489 | 168 | 168 | 168 | 10 493 | 168 | 168 | 168 | 8 827 | 168 | 168 | 168 | 35 320 | 38 902 | 40 294 |
| Road transport | 3 014 | 203 | 203 | 203 | 2 229 | 203 | 203 | 203 | 1 903 | 203 | 203 | 203 | 8 974 | 11 292 | 10 606 |
| Environmental protection | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| *Trading services* | 15 565 | 2 803 | 2 803 | 2 803 | 12 004 | 2 803 | 2 803 | 2 803 | 10 520 | 2 803 | 2 803 | 3 265 | 63 775 | 74 706 | 76 911 |
| Electricity | 13 682 | 2 202 | 2 202 | 2 202 | 10 479 | 2 202 | 2 202 | 2 202 | 9 144 | 2 202 | 2 202 | 2 664 | 53 587 | 63 712 | 65 425 |
| Waste management | 1 883 | 600 | 600 | 600 | 1 525 | 600 | 600 | 600 | 1 376 | 600 | 600 | 601 | 10 188 | 10 994 | 11 487 |
| *Other* | 515 | 9 | 9 | 9 | 373 | 9 | 9 | 9 | 315 | 9 | 9 | 8 | 1 279 | 1 431 | 1 461 |
| Total Revenue - Standard | 54 310 | 6 542 | 6 542 | 6 542 | 40 979 | 6 542 | 6 542 | 6 542 | 35 425 | 6 542 | 6 542 | 6 324 | 189 373 | 214 469 | 221 048 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 982 | 4 534 | 59 332 | 66 023 | 70 462 |
| Executive and council | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 1 842 | 2 043 | 22 307 | 23 905 | 25 288 |
| Budget and treasury office | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 873 | 1 687 | 22 293 | 24 441 | 26 349 |
| Corporate services | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 1 266 | 804 | 14 732 | 17 676 | 18 824 |
| *Community and public safety* | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 697 | 1 698 | 20 367 | 21 625 | 22 934 |
| Community and social services | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 697 | 8 362 | 8 878 | 9 421 |
| Sport and recreation | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 3 993 | 4 232 | 4 471 |
| Public safety | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8 011 | 8 515 | 9 042 |
| *Economic and environmental services* | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 159 | 2 390 | 26 134 | 34 662 | 34 006 |
| Planning and development | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 078 | 1 309 | 13 164 | 17 940 | 18 359 |
| Road transport | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 1 081 | 12 970 | 16 722 | 15 648 |
| Environmental protection | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| *Trading services* | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 924 | 2 923 | 35 084 | 44 888 | 46 822 |
| Electricity | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 430 | 29 166 | 38 620 | 40 209 |
| Waste management | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 493 | 5 919 | 6 268 | 6 613 |
| *Other* | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2 335 | 2 475 | 2 613 |
| Total Expenditure - Standard | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 956 | 11 740 | 143 252 | 169 672 | 176 837 |
| Surplus/(Deficit) | 42 354 | (5 414) | (5 414) | (5 414) | 29 023 | (5 414) | (5 414) | (5 414) | 23 469 | (5 414) | (5 414) | (5 415) | 46 121 | 44 797 | 44 211 |

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Multi-year expenditure *to be appropriated* | | | | | | | | | | | | | | | |
| Vote 1 - Governance and Administration | | | | | | | | | | | | – | – | – | – |
| Vote 2 - Financial Services | | | | | | | | | | | | – | – | – | – |
| Vote 3 - Corporate Services | | | | | | | | | | | | – | – | – | – |
| Vote 4 - Community and Social Services | | | | | | | | | | | | – | – | – | – |
| Vote 5 - Sports and Recreation | | | | | | | | | | | | – | – | – | – |
| Vote 6 - Public Safety | | | | | | | | | | | | – | – | – | – |
| Vote 7 - Planning and Development | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 1 232 | 2 732 | 2 732 | 2 232 | 2 232 | 2 232 | 2 233 | 26 789 | 28 089 | 29 203 |
| Vote 8 - Roads Transport | | | | | | | | | | | | – | – | – | – |
| Vote 9 - Environmental Protection | | | | | | | | | | | | – | – | – | – |
| Vote 10 - Other | | | | | | | | | | | | – | – | – | – |
| Vote 11 - Housing | | | | | | | | | | | | – | – | – | – |
| Vote 12 - Electricity Services | 1 000 | 1 000 | 1 000 | 1 000 | 1 000 | | 1 250 | 1 000 | 1 750 | 1 000 | 1 000 | 1 000 | 12 000 | 15 000 | 15 000 |
| Vote 13 - Water Services | | | | | | | | | | | | – | – | – | – |
| Vote 14 - Waste Water Management | | | | | | | | | | | | – | – | – | – |
| Vote 15 - Waste Management | | | | | | | | | | | | – | – | – | – |
| Capital multi-year expenditure sub-total | 3 232 | 3 232 | 3 232 | 3 232 | 3 232 | 1 232 | 3 982 | 3 732 | 3 982 | 3 232 | 3 232 | 3 233 | 38 789 | 43 089 | 44 203 |
| Single-year expenditure *to be appropriated* | | | | | | | | | | | | | | | |
| Vote 1 - Governance and Administration | 140 | | 700 | | | | | | | | | – | 840 | – | – |
| Vote 2 - Financial Services | | 25 | | | | | | | | | | – | 25 | – | – |
| Vote 3 - Corporate Services | 60 | | 6 000 | | 1 200 | | 800 | | | | | – | 8 060 | – | – |
| Vote 4 - Community and Social Services | 11 | | 63 | | | | | 8 | | | | – | 81 | 8 | 8 |
| Vote 5 - Sports and Recreation | | | 1 000 | 76 | | | | | | 700 | | – | 1 776 | – | – |
| Vote 6 - Public Safety | | 150 | | | | | | | 550 | | | – | 700 | 450 | – |
| Vote 7 - Planning and Development | | | | | | 765 | | | | | | – | 765 | – | – |
| Vote 8 - Roads Transport | | | 1 500 | | | | 1 200 | | | | | – | 2 700 | – | 2 550 |
| Vote 9 - Environmental Protection | | | | | | | | | | | | – | – | – | – |
| Vote 10 - Other | | | | | | | | | | | | – | – | – | – |
| Vote 11 - Housing | | | | | | | | | | | | – | – | – | – |
| Vote 12 - Electricity Services | | 450 | | 1 200 | | 950 | | | | | | – | 2 600 | – | – |
| Vote 13 - Water Services | | | | | | | | | | | | – | – | – | – |
| Vote 14 - Waste Water Management | | | | | | | | | | | | – | – | – | – |
| Vote 15 - Waste Management | | | | | | | | | | | | – | – | 1 700 | – |
| Capital single-year expenditure sub-total | 210 | 625 | 9 263 | 1 276 | 1 200 | 1 715 | 2 000 | 8 | 550 | 700 | – | – | 17 547 | 2 158 | 2 558 |
| Total Capital Expenditure | 3 443 | 3 857 | 12 495 | 4 509 | 4 432 | 2 947 | 5 982 | 3 740 | 4 532 | 3 932 | 3 232 | 3 233 | 56 336 | 45 247 | 46 761 |

## Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| *Governance and administration* | 200 | 25 | 6 700 | – | 1 200 | – | 800 | – | – | – | – | – | 8 925 | – | – |
| Executive and council | | | 700 | | | | | | | | | – | 700 | – | – |
| Budget and treasury office | | 25 | | | | | | | | | | – | 25 | – | – |
| Corporate services | 200 | | 6 000 | | 1 200 | | 800 | | | | | – | 8 200 | – | – |
| *Community and public safety* | 11 | 150 | 63 | 76 | – | – | – | 8 | 550 | 700 | – | 1 000 | 2 557 | 8 | 8 |
| Community and social services | 11 | | 63 | | | | | 8 | | | | – | 81 | 8 | 8 |
| Sport and recreation | | | | 76 | | | | | | 700 | | 1 000 | 1 776 | – | – |
| Public safety | | 150 | | | | | | | 550 | | | – | 700 | – | – |
| Housing | | | | | | | | | | | | – | – | – | – |
| Health | | | | | | | | | | | | – | – | – | – |
| *Economic and environmental services* | 2 232 | 2 232 | 3 732 | 2 232 | 2 232 | 1 997 | 3 932 | 2 732 | 2 232 | 2 232 | 2 232 | 2 233 | 30 254 | 28 539 | 31 753 |
| Planning and development | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 1 997 | 2 732 | 2 732 | 2 232 | 2 232 | 2 232 | 2 233 | 27 554 | 28 539 | 29 203 |
| Road transport | | | 1 500 | | | | 1 200 | | | | | – | 2 700 | – | 2 550 |
| Environmental protection | | | | | | | | | | | | – | – | – | – |
| *Trading services* | 1 000 | 1 450 | 1 000 | 2 200 | 1 000 | 950 | 1 250 | 1 000 | 1 750 | 1 000 | 1 000 | 1 000 | 14 600 | 16 700 | 15 000 |
| Electricity | 1 000 | 1 450 | 1 000 | 2 200 | 1 000 | 950 | 1 250 | 1 000 | 1 750 | 1 000 | 1 000 | 1 000 | 14 600 | 15 000 | 15 000 |
| Water | | | | | | | | | | | | – | – | – | – |
| Waste water management | | | | | | | | | | | | – | – | – | – |
| Waste management | | | | | | | | | | | | – | – | 1 700 | – |
| *Other* | | | | | | | | | | | | – | – | – | – |
| Total Capital Expenditure - Standard | 3 443 | 3 857 | 11 495 | 4 509 | 4 432 | 2 947 | 5 982 | 3 740 | 4 532 | 3 932 | 3 232 | 4 233 | 56 336 | 45 247 | 46 761 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | 3 232 | 3 232 | 3 232 | 3 232 | 3 232 | 1 232 | 3 982 | 3 732 | 3 982 | 3 232 | 3 232 | 3 233 | 38 789 | 43 089 | 44 203 |
| Provincial Government | | | | | | | | | | | | – | – | – | – |
| District Municipality | | | | | | | | | | | | – | – | – | – |
| Other transfers and grants | | | | | | | | | | | | – | – | – | – |
| Transfers recognised - capital | 3 232 | 3 232 | 3 232 | 3 232 | 3 232 | 1 232 | 3 982 | 3 732 | 3 982 | 3 232 | 3 232 | 3 233 | 38 789 | 43 089 | 44 203 |
| Public contributions & donations | | | | | | | | | | | | – | – | – | – |
| Borrowing | | | 7 550 | | | 765 | 1 200 | | | 700 | | – | 10 215 | – | – |
| Internally generated funds | 210 | 625 | 1 713 | 1 276 | 1 200 | 950 | 800 | 8 | 550 | | | – | 7 332 | 2 158 | 2 558 |
| Total Capital Funding | 3 443 | 3 857 | 12 495 | 4 509 | 4 432 | 2 947 | 5 982 | 3 740 | 4 532 | 3 932 | 3 232 | 3 233 | 56 336 | 45 247 | 46 761 |

## Table 49 MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2014/15 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Cash Receipts By Source | | | | | | | | | | | | | 1 | | |
| Property rates | – | – | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 1 802 | 18 021 | 19 084 | 20 134 |
| Property rates - penalties & collection charges | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | 3 251 | (11 972) | 23 784 | 27 201 | 30 158 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 3 053 | 3 233 | 3 411 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 1 390 | 1 471 | 1 552 |
| Interest earned - external investments | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 1 762 | 1 548 | 1 633 |
| Interest earned - outstanding debtors | 319 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 326 | 3 826 | 4 051 | 4 274 |
| Dividends received | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 398 | 421 | 444 |
| Licences and permits | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 203 | 2 436 | 2 580 | 2 722 |
| Agency services | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 1 061 | 1 124 | 1 186 |
| Transfer receipts - operational | 35 634 | – | – | – | 25 661 | – | – | – | 21 560 | – | – | – | 82 855 | 100 462 | 102 027 |
| Other revenue | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 819 | 867 | 915 |
| Cash Receipts by Source | 40 113 | 4 478 | 6 281 | 6 281 | 31 942 | 6 281 | 6 281 | 6 281 | 27 841 | 6 281 | 6 281 | (8 934) | 139 404 | 162 043 | 168 456 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 12 930 | – | – | – | 12 930 | – | – | – | 12 930 | – | – | – | 38 789 | 43 089 | 44 203 |
| Contributions recognised - capital & Contributed as | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Short term loans | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | 10 215 | – | – | – | – | – | – | – | – | – | – | – | 10 215 | 450 | 2 550 |
| Increase (decrease) in consumer deposits | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Cash Receipts by Source | 63 258 | 4 478 | 6 281 | 6 281 | 44 871 | 6 281 | 6 281 | 6 281 | 40 770 | 6 281 | 6 281 | (8 934) | 188 408 | 205 582 | 215 209 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 805 | 3 809 | 45 665 | 48 577 | 51 665 |
| Remuneration of councillors | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 616 | 7 393 | 7 762 | 8 150 |
| Finance charges | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 970 | 571 | 604 |
| Bulk purchases - Electricity | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 1 942 | 23 299 | 24 673 | 26 030 |
| Bulk purchases - Water & Sewer | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other materials | – | – | – | – | – | – | – | – | – | – | – | 8 978 | 8 978 | 15 645 | 13 960 |
| Contracted services | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 491 | 10 974 | 12 111 | 12 777 |
| Transfers and grants - other municipalities | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers and grants - other | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 2 810 | 7 976 | 8 415 |
| Other expenditure | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | 4 962 | (27 769) | 26 817 | 27 122 | 43 242 |
| Cash Payments by Type | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | 12 593 | (11 618) | 126 905 | 144 437 | 164 843 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 3 443 | 3 857 | 6 495 | 4 509 | 4 432 | 2 947 | 5 982 | 3 740 | 4 532 | 3 932 | 3 232 | 9 233 | 56 336 | 45 247 | 46 761 |
| Repayment of borrowing | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 928 | 2 647 | 3 722 | 3 418 |
| Other Cash Flows/Payments | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Cash Payments by Type | 16 192 | 16 607 | 19 244 | 17 258 | 17 182 | 15 697 | 18 732 | 16 490 | 17 282 | 16 682 | 15 982 | (1 457) | 185 888 | 193 407 | 215 021 |
| NET INCREASE/(DECREASE) IN CASH HELD | 47 066 | (12 128) | (12 964) | (10 977) | 27 690 | (9 416) | (12 451) | (10 209) | 23 489 | (10 401) | (9 701) | (7 477) | 2 520 | 12 175 | 187 |
| Cash/cash equivalents at the month/year begin: | 9 626 | 56 692 | 44 564 | 31 600 | 20 623 | 48 312 | 38 896 | 26 445 | 16 236 | 39 725 | 29 323 | 19 622 | 9 626 | 12 146 | 24 321 |
| Cash/cash equivalents at the month/year end: | 56 692 | 44 564 | 31 600 | 20 623 | 48 312 | 38 896 | 26 445 | 16 236 | 39 725 | 29 323 | 19 622 | 12 146 | 12 146 | 24 321 | 24 508 |

## 2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

## Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 26 663 | 32 091 | 17 410 | 29 504 | 40 565 | 40 565 | 22 018 | 24 000 | 33 203 |
| Infrastructure - Road transport | 16 913 | 16 885 | 14 277 | 15 504 | 21 504 | 21 504 | 10 018 | 9 000 | 21 203 |
| *Roads, Pavements & Bridges* | 16 913 | 16 885 | 14 277 | 15 504 | 21 504 | 21 504 | 10 018 | 9 000 | 21 203 |
| *Storm water* | | | | | | | | | |
| Infrastructure - Electricity | 9 750 | 15 206 | 3 133 | 14 000 | 19 061 | 19 061 | 12 000 | 15 000 | 12 000 |
| *Generation* | 9 750 | 15 206 | 3 133 | 14 000 | – | – | | | |
| *Transmission & Reticulation* | | | | | 14 000 | 14 000 | 12 000 | 15 000 | 12 000 |
| *Street Lighting* | | | | | 5 061 | 5 061 | | | |
| Infrastructure - Other | – | – | – | – | – | – | – | – | – |
| *Waste Management* | | | | | | | | | |
| *Transportation* | | | | | | | | | |
| Community | – | – | – | 6 652 | 9 852 | 9 852 | 10 311 | 9 918 | – |
| Parks & gardens | | | | 3 553 | – | – | | | |
| Sportsfields & stadia | | | | | 4 753 | 4 753 | 4 275 | 4 118 | |
| Swimming pools | | | | 1 000 | – | – | | | |
| Community halls | | | | – | – | – | 5 363 | 3 400 | |
| Libraries | | | | 1 899 | – | – | 40 | | |
| Recreational facilities | | | | 200 | 1 899 | 1 899 | 633 | 2 400 | |
| Fire, safety & emergency | | | | | 200 | 200 | | | |
| Security and policing | | | | | – | – | | | |
| Buses | | | | | – | – | | | |
| Clinics | | | | | – | – | | | |
| Museums & Art Galleries | | | | | 3 000 | 3 000 | | | |
| Cemeteries | | | | | – | – | | | |
| Social rental housing | | | | | – | – | | | |
| Other | | | | | – | – | | | |
| Other assets | 5 030 | 5 986 | 1 822 | 15 544 | 9 391 | 9 391 | 15 762 | 2 158 | 2 558 |
| General vehicles | 500 | | – | 3 103 | 2 451 | 2 451 | 1 965 | 450 | 1 200 |
| Specialised vehicles | – | – | – | 2 010 | 2 010 | 2 010 | 550 | – | – |
| Plant & equipment | 3 740 | | 144 | 3 424 | 2 224 | 2 224 | 4 188 | 1 700 | 1 350 |
| Computers - hardware/equipment | 105 | | 257 | | – | – | 75 | – | |
| Furniture and other office equipment | 535 | 2 045 | 205 | 7 | 7 | 7 | 134 | 8 | 8 |
| Abattoirs | | | | | | | | | |
| Markets | | | 1 191 | | 2 700 | 2 700 | | | |
| Civic Land and Buildings | | | 15 | 7 000 | | | 8 700 | | |
| Other Buildings | | | | | | | 150 | | |
| Other Land | | | 9 | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | |
| Other | 150 | 3 941 | | | | | | | |
| Intangibles | – | – | – | – | – | – | – | – | – |
| Computers - software & programming | | | | | | | | | |
| Other *(list sub-class)* | | | | | | | | | |
| Total Capital Expenditure on new assets | 31 693 | 38 076 | 19 232 | 51 699 | 59 808 | 59 808 | 48 091 | 36 076 | 35 761 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Specialised vehicles | – | – | – | 2 010 | 2 010 | 2 010 | 550 | – | – |
| Refuse | | | | 1 460 | 1 460 | 1 460 | – | – | – |
| Fire | | | | 550 | 550 | 550 | 550 | – | – |
| Conservancy | | | | | – | – | – | – | – |
| Ambulances | | | | | – | – | – | – | – |

## Table 51 MBRR SA 34b - Capital expenditure on renewal of existing assets by asset class

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | – | – | – | 1 545 | 1 545 | 1 545 | 7 500 | 9 171 | 11 000 |
| Infrastructure - Road transport | – | – | – | 1 545 | 1 545 | 1 545 | 7 500 | 9 171 | 8 000 |
| *Roads, Pavements & Bridges* | | | | 1 545 | 1 545 | 1 545 | 7 500 | 9 171 | 8 000 |
| *Storm water* | | | | | | | | | |
| Infrastructure - Electricity | – | – | – | – | – | – | – | – | 3 000 |
| *Generation* | | | | | | | | | |
| *Transmission & Reticulation* | | | | | | | | | 3 000 |
| *Street Lighting* | | | | | | | | | |
| *Other* | | | | | | | | | |
| Community | – | – | – | – | – | – | – | – | – |
| Parks & gardens | | | | | | | | | |
| Sportsfields & stadia | | | | | | | | | |
| Swimming pools | | | | | | | | | |
| Community halls | | | | | | | | | |
| Libraries | | | | | | | | | |
| Recreational facilities | | | | | | | | | |
| Fire, safety & emergency | | | | | | | | | |
| Security and policing | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | |
| Cemeteries | | | | | | | | | |
| Social rental housing | | | | | | | | | |
| Other | | | | | | | | | |
| Other assets | – | – | – | 2 483 | 2 483 | 2 483 | 745 | – | – |
| General vehicles | | | | 980 | 980 | 980 | | | |
| Specialised vehicles | – | – | – | – | – | – | – | – | – |
| Plant & equipment | | | | 100 | 100 | 100 | 700 | | |
| Computers - hardware/equipment | | | | 323 | 323 | 323 | 45 | | |
| Furniture and other office equipment | | | | 1 080 | 1 080 | 1 080 | | | |
| Abattoirs | | | | | | | | | |
| Markets | | | | | | | | | |
| Civic Land and Buildings | | | | | | | | | |
| Other Buildings | | | | | | | | | |
| Other Land | | | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | |
| Other | | | | | | | | | |
| Intangibles | – | – | – | 1 900 | 1 900 | 1 900 | – | – | – |
| Computers - software & programming | | | | | | | | | |
| Financial System | | | | 1 900 | 1 900 | 1 900 | | | |
| Total Capital Expenditure on renewal of existing ass | – | – | – | 5 928 | 5 928 | 5 928 | 8 245 | 9 171 | 11 000 |
| Specialised vehicles | – | – | – | – | – | – | – | – | – |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |
| *Renewal of Existing Assets as % of total capex* | *0.0%* | *0.0%* | *0.0%* | *10.3%* | *9.0%* | *9.0%* | *14.6%* | *20.3%* | *23.5%* |
| *Renewal of Existing Assets as % of deprecn"* | *0.0%* | *0.0%* | *0.0%* | *155.1%* | *155.1%* | *155.1%* | *203.1%* | *213.3%* | *242.5%* |

## Table 52 MBRR SA 34c – Repairs and maintenance by asset class

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 1 947 | 3 615 | 7 372 | 9 206 | 11 199 | 11 199 | 10 182 | 15 257 | 13 579 |
| Infrastructure - Road transport | 1 752 | 2 221 | 6 303 | 6 735 | 8 169 | 8 169 | 8 075 | 10 236 | 8 820 |
| *Roads, Pavements & Bridges* | 1 608 | 2 233 | 6 246 | 6 657 | 8 092 | 8 092 | 7 993 | 10 149 | 8 728 |
| *Storm water* | 145 | (12) | 57 | 77 | 77 | 77 | 82 | 87 | 92 |
| Infrastructure - Electricity | 194 | 1 394 | 1 069 | 2 471 | 3 030 | 3 030 | 2 107 | 5 021 | 4 759 |
| *Generation* | | | | 491 | 491 | 491 | 521 | 552 | 582 |
| *Transmission & Reticulation* | 116 | 1 397 | 1 035 | 1 943 | 2 502 | 2 502 | 1 479 | 4 355 | 4 056 |
| *Street Lighting* | 78 | (3) | 35 | 38 | 38 | 38 | 108 | 114 | 120 |
| Infrastructure - Other | – | – | – | – | – | – | – | – | – |
| *Waste Management* | | | | | | | | | |
| *Transportation* | | | | | | | | | |
| Community | – | – | – | 32 | 32 | 32 | – | – | – |
| Parks & gardens | | | | | | | | | |
| Sportsfields & stadia | | | | | | | | | |
| Swimming pools | | | | | | | | | |
| Community halls | | | | | | | | | |
| Libraries | | | | | | | | | |
| Recreational facilities | | | | | | | | | |
| Fire, safety & emergency | | | | | | | | | |
| Security and policing | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | |
| Cemeteries | | | | 30 | 30 | 30 | – | – | – |
| Social rental housing | | | | | – | – | – | – | – |
| Other | | | | 2 | 2 | 2 | – | – | – |
| Other assets | 1 595 | 1 137 | 1 010 | 1 595 | 2 340 | 2 340 | 2 358 | 4 233 | 4 466 |
| General vehicles | 1 088 | 583 | 430 | 214 | 1 127 | 1 127 | 1 192 | 1 262 | 1 331 |
| Specialised vehicles | – | – | – | – | – | – | – | – | – |
| Plant & equipment | 91 | 30 | 63 | 178 | 178 | 178 | 44 | 47 | 49 |
| Computers - hardware/equipment | 22 | 50 | 15 | 143 | 143 | 143 | 50 | 53 | 56 |
| Furniture and other office equipment | | – | | 2 | 2 | 2 | 5 | 0 | 0 |
| Abattoirs | | | | | | | | | |
| Markets | | | | | | | | | |
| Civic Land and Buildings | | | | | | | | | |
| Other Buildings | 369 | 468 | 502 | 1 003 | 835 | 835 | 1 000 | 2 800 | 2 954 |
| Other Land | 26 | 6 | 1 | 54 | 54 | 54 | 67 | 71 | 75 |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | |
| Other | | | | | | | | | |
| Intangibles | – | – | – | – | – | – | – | – | – |
| Computers - software & programming | | | | | | | | | |
| Other *(list sub-class)* | | | | | | | | | |
| | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | 3 541 | 4 751 | 8 382 | 10 833 | 13 571 | 13 571 | 12 540 | 19 490 | 18 045 |
| Specialised vehicles | – | – | – | – | – | – | – | – | – |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |
| | | | | | | | | | |
| *R&M as a % of PPE* | *5.2%* | *4.6%* | *6.7%* | *5.6%* | *7.3%* | *7.3%* | *5.3%* | *7.0%* | *5.6%* |
| *R&M as % Operating Expenditure* | *3.8%* | *4.4%* | *8.1%* | *8.5%* | *10.5%* | *10.5%* | *8.7%* | *11.4%* | *10.2%* |

## Table 53 MBRR SA 34d - Depreciation by asset class

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Depreciation by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 1 290 | 1 557 | – | 2 486 | 2 486 | 2 486 | 3 316 | 4 150 | 5 015 |
| Infrastructure - Road transport | 1 290 | 1 405 | – | 2 031 | 2 031 | 2 031 | 2 796 | 3 599 | 4 434 |
| *Roads, Pavements & Bridges* | 1 290 | 1 405 | | 2 031 | 2 031 | 2 031 | 2 796 | 3 599 | 4 434 |
| *Storm water* | | | | | | | | | |
| Infrastructure - Electricity | – | 152 | – | 455 | 455 | 455 | 520 | 551 | 582 |
| *Generation* | | | | | | | | | |
| *Transmission & Reticulation* | | 152 | | 455 | 455 | 455 | 520 | 551 | 582 |
| *Street Lighting* | | | | | | | | | |
| Infrastructure - Other | – | – | – | – | – | – | – | – | – |
| *Waste Management* | | | | | | | | | |
| *Transportation* | | | | | | | | | |
| *Other* | | | | | | | | | |
| Community | – | – | – | 115 | 115 | 115 | – | – | – |
| Parks & gardens | | | | | | | | | |
| Sportsfields & stadia | | | | 63 | 63 | 63 | | | |
| Swimming pools | | | | | | | | | |
| Community halls | | | | 18 | 18 | 18 | | | |
| Libraries | | | | | | | | | |
| Recreational facilities | | | | 34 | 34 | 34 | | | |
| Fire, safety & emergency | | | | | | | | | |
| Security and policing | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | |
| Cemeteries | | | | | | | | | |
| Social rental housing | | | | | | | | | |
| Other | | | | | | | | | |
| Heritage assets | – | – | – | 1 | 1 | 1 | – | – | – |
| Buildings | | | | 1 | 1 | 1 | – | – | – |
| Other | | | | | | | | | |
| Other assets | 1 140 | 1 315 | – | 935 | 935 | 935 | 1 201 | 1 272 | 1 343 |
| General vehicles | 106 | 150 | | 136 | 136 | 136 | 155 | 164 | 173 |
| Specialised vehicles | – | – | – | – | – | – | – | – | – |
| Plant & equipment | 198 | 310 | | 168 | 168 | 168 | 192 | 204 | 215 |
| Computers - hardware/equipment | 108 | 118 | | 36 | 36 | 36 | 42 | 44 | 46 |
| Furniture and other office equipment | 292 | 297 | | 65 | 65 | 65 | 74 | 79 | 83 |
| Abattoirs | | | | | | | | | |
| Markets | | | | | | | | | |
| Civic Land and Buildings | 437 | 440 | | 530 | 530 | 530 | 607 | 643 | 678 |
| Other Buildings | | | | | | | | | |
| Other Land | | | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | |
| Other | | | | | | | 131 | 139 | 146 |
| Intangibles | 25 | 42 | – | 285 | 285 | 285 | 18 | 18 | 18 |
| Computers - software & programming | 25 | 42 | | 285 | 285 | 285 | 18 | 18 | 18 |
| Other *(list sub-class)* | | | | | | | | | |
| Total Depreciation | 2 456 | 2 914 | – | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |

## Table 54 MBRR SA 35 – Future Financial Implications of the capital budget

| Vote Description | 2014/15 Medium Term Revenue & | | | Forecasts | | | |
|---|---|---|---|---|---|---|---|
| R thousand | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Forecast 2017/18 | Forecast 2018/19 | Forecast 2019/20 | Present value |
| Capital expenditure | | | | | | | |
| Vote 1 - Governance and Administration | 840 | – | – | – | – | – | |
| Vote 2 - Financial Services | 25 | – | – | 450 | 100 | 375 | |
| Vote 3 - Corporate Services | 8 060 | – | – | – | – | – | |
| Vote 4 - Community and Social Services | 81 | 8 | 8 | – | – | – | |
| Vote 5 - Sports and Recreation | 1 776 | – | – | – | – | – | |
| Vote 6 - Public Safety | 700 | 450 | – | – | – | – | |
| Vote 7 - Planning and Development | 27 554 | 28 089 | 29 203 | 30 809 | 32 504 | 34 291 | |
| Vote 8 - Roads Transport | 2 700 | – | 2 550 | – | 1 500 | – | |
| Vote 9 - Environmental Protection | – | – | – | – | – | – | |
| Vote 10 - Other | – | – | – | – | – | – | |
| Vote 11 - Housing | – | – | – | – | – | – | |
| Vote 12 - Electricity Services | 14 600 | 15 000 | 15 000 | 9 000 | 7 000 | – | |
| Vote 13 - Water Services | – | – | – | – | – | – | |
| Vote 14 - Waste Water Management | – | – | – | – | – | – | |
| Vote 15 - Waste Management | – | 1 700 | – | – | – | – | |
| | – | – | – | – | – | – | |
| Total Capital Expenditure | 56 336 | 45 247 | 46 761 | 40 259 | 41 104 | 34 666 | – |
| Future operational costs by vote | | | | | | | |
| Vote 1 - Governance and Administration | | | | | | | |
| Vote 2 - Financial Services | | | | | | | |
| Vote 3 - Corporate Services | | | | | | | |
| Vote 4 - Community and Social Services | | | | | | | |
| Vote 5 - Sports and Recreation | | | | | | | |
| Vote 6 - Public Safety | | | | | | | |
| Vote 7 - Planning and Development | 8 075 | 10 236 | 8 820 | 9 305 | 9 817 | 10 327 | |
| Vote 8 - Roads Transport | | | | | | | |
| Vote 9 - Environmental Protection | | | | | | | |
| Vote 10 - Other | | | | | | | |
| Vote 11 - Housing | | | | | | | |
| Vote 12 - Electricity Services | 2 107 | 5 021 | 4 759 | 5 021 | 5 297 | 5 588 | |
| Vote 13 - Water Services | | | | | | | |
| Vote 14 - Waste Water Management | | | | | | | |
| Vote 15 - Waste Management | | | | | | | |
| | – | – | – | – | – | – | |
| Total future operational costs | 10 182 | 15 257 | 13 579 | 14 326 | 15 114 | 15 915 | – |
| Future revenue by source | | | | | | | |
| Property rates | – | – | – | – | – | – | |
| Property rates - penalties & collection charges | – | – | – | – | – | – | |
| Service charges - electricity revenue | – | – | – | – | – | – | |
| Service charges - water revenue | – | – | – | – | – | – | |
| Service charges - sanitation revenue | – | – | – | – | – | – | |
| Service charges - refuse revenue | – | – | – | – | – | – | |
| Service charges - other | – | – | – | – | – | – | |
| Rental of facilities and equipment | – | – | – | – | – | – | |
| Interest earned - external investments | – | – | – | – | – | – | |
| Interest earned - outstanding debtors | – | – | – | – | – | – | |
| Dividends received | – | – | – | – | – | – | |
| Fines | – | – | – | – | – | – | |
| Licences and permits | – | – | – | – | – | – | |
| Agency services | – | – | – | – | – | – | |
| Transfers recognised - operational | – | – | – | – | – | – | |
| Other revenue | – | – | – | – | – | – | |
| Total future revenue | – | – | – | – | – | – | – |
| Net Financial Implications | 66 518 | 60 504 | 60 340 | 54 585 | 56 218 | 50 581 | – |

## Table 55 MBRR SA 36 – Detailed capital budget per municipal vote

| Municipal Vote/Capital project | Program/Project description | Project number | IDP Goal code | Individually Approved (Yes/No) | Asset Class | Asset Sub-Class | Total Project Estimate | Prior year outcomes | | 2014/15 Medium Term Revenue & Expenditure Framework | | | Project information | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | 2 | 6 | 3 | 3 | | Audited Outcome 2012/13 | Current Year 2013/14 Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Ward location | New or renewal |
| Corporate Services | Computers | | | Yes | *Other Assets* | *Computers - hardware/equipment* | | 257 | | | | | | Renewal |
| Corporate Services | Furniture | | | Yes | *Other Assets* | *Furniture and other office equipment* | | 205 | | | | | | New |
| Roads | Various tools | | | Yes | *Other Assets* | *Plant & equipment* | | 144 | | | | | | Renewal |
| Traffic | Motorcyle track | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | 9 | | | | | | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | 3 133 | | | | | | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | 15 483 | | | | | | New |
| Properties | Council Chamber | | | Yes | *Other Assets* | *Buildings* | | | 1 000 | | | | | New |
| Corporate Services | Computers | | | Yes | *Other Assets* | *Computers - hardware/equipment* | | | 306 | | | | | New |
| Financial Services | Financial System | | | Yes | *Other Assets* | *Computers - hardware/equipment* | | | 1 800 | | | | | New |
| Financial Services | Motor vehicles | | | Yes | *Other Assets* | *Transportation* | | | 2 580 | | | | | New |
| Financial Services | Furniture | | | Yes | *Other Assets* | *Furniture and other office equipment* | | | 14 | | | | | New |
| Community Services | Fridges | | | Yes | *Other Assets* | *Plant & equipment* | | | 14 | | | | | New |
| Library Servcies | Library books | | | Yes | *Other Assets* | *Other* | | | 40 | | | | | New |
| Traffic | Firearms and Safe | | | Yes | *Other Assets* | *Plant & equipment* | | | 200 | | | | | New |
| Sports | Stadium | | | Yes | *Other Assets* | *Sportsfields & stadia* | | | 1 200 | | | | 2 | New |
| Roads | Tipper truck | | | Yes | *Other Assets* | *Transportation* | | | 765 | | | | | New |
| Electricity | Meters | | | Yes | *Other Assets* | *Transmission & Reticulation* | | | 70 | | | | | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | 1 200 | | | | 11 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | 3 000 | | | | 11 | New |
| Waste Management | Compactor Truck | | | Yes | *Other Assets* | *Specialised vehicles - Refuse* | | | 1 460 | | | | | New |
| Waste Management | Refuse drums | | | Yes | *Other Assets* | *Plant & equipment* | | | 205 | | | | | New |
| Technical Services | Flea Market | | | Yes | *Other Assets* | *Markets* | | | 2 700 | | | | 11 | New |
| Technical Services | Sub-taxi rank | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 6 000 | | | | 11 | New |
| Technical Services | Cultural village | | | Yes | *Other Assets* | *Recreational facilities* | | | 3 000 | | | | | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 4 000 | | | | 2 | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 1 500 | | | | 11 | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 4 500 | | | | 11 | New |
| Community Services | Construction of creches | | | Yes | *Community* | *Recreational facilities* | | | 633 | | | | 4 | New |
| Community Services | Construction of creches | | | Yes | *Community* | *Recreational facilities* | | | 633 | | | | 5 | New |
| Community Services | Construction of creches | | | Yes | *Community* | *Recreational facilities* | | | 633 | | | | 11 | New |
| Community Services | Construction of sportsfield | | | Yes | *Community* | *Sportsfields & stadia* | | | 1 126 | | | | 13 | New |
| Community Services | Construction of sportsfield | | | Yes | *Community* | *Sportsfields & stadia* | | | 1 126 | | | | 5 | New |
| Community Services | Construction of sportsfield | | | Yes | *Community* | *Sportsfields & stadia* | | | 1 300 | | | | 11 | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 3 525 | | | | 12 | New |
| Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | 3 525 | | | | 13 | New |
| Electricity | Installation of high mast | | | yes | *Infrastructure* | *Street Lighting* | | | 3 681 | | | | 2 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | 6 622 | | | | 5 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | 4 007 | | | | 14 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | 3 371 | | | | 11 | New |

## Table 55 MBRR SA 36 – Detailed capital budget per municipal vote (Continued)

| Municipal Vote/Capital project | Program/Project description | Project number | IDP Goal code | Individually Approved (Yes/No) | Asset Class | Asset Sub-Class | Total Project Estimate | Prior year outcomes | | 2014/15 Medium Term Revenue & Expenditure Framework | | | Project information | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | | 2 | 6 | 3 | 3 | | Audited Outcome 2012/13 | Current Year 2013/14 Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Ward location | New or renewal |
| Transport and Roads | Ncotshane Roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | 2 510 | | | 10 | New |
| Transport and Roads | Ncotshane Roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | 7 500 | | | 2 | Renewal |
| Transport and Roads | Upgrading of roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | 3 709 | | | 11 | New |
| Transport and Roads | Upgrading of roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | 3 709 | | | 8 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | 1 748 | | | 9 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | 1 748 | | | 12 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | 1 748 | | | 13 | New |
| Community Assets | Construction of creche | | | Yes | *Community* | *Recreational facilities* | | | | 752 | | | 7 | New |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | 1 122 | | | 7 | New |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | 1 122 | | | 14 | New |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | 1 122 | | | 3 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Other Assets* | *Transmission & Reticulation* | | | | 3 000 | | | 5 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Other Assets* | *Transmission & Reticulation* | | | | 9 000 | | | 1 | New |
| Transport and Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | 4 500 | | 1 | New |
| Transport and Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | 4 500 | | 4 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | | 1 700 | | 11 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | | 1 700 | | 14 | New |
| Transport and Roads | Upgrading of roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | 4 000 | | 2 | Renewal |
| Transport and Roads | Upgrading of roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | 4 000 | | 10 | Renewal |
| Community Assets | Construction of ECD centres in uPhongolo area | | | Yes | *Community* | *Recreational facilities* | | | | | 600 | | 3 | New |
| Community Assets | Construction of ECD centres in uPhongolo area | | | Yes | *Community* | *Recreational facilities* | | | | | 600 | | 9 | New |
| Community Assets | Construction of ECD centres in uPhongolo area | | | Yes | *Community* | *Recreational facilities* | | | | | 600 | | 10 | New |
| Community Assets | Construction of ECD centres in uPhongolo area | | | Yes | *Community* | *Recreational facilities* | | | | | 600 | | 13 | New |
| Transport and Roads | Upgrading of roads | | | Yes | *Community* | *Roads, Pavements & Bridges* | | | | | 1 171 | | 14 | Renewal |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | | 1 373 | | 8 | New |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | | 1 373 | | 9 | New |
| Community Assets | Upgrading of sport facilities | | | Yes | *Community* | *Sportsfields & stadia* | | | | | 1 373 | | 12 | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Other Assets* | *Transmission & Reticulation* | | | | | 15 000 | | 1 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | | | 2 500 | 4 | New |
| Community Assets | Construction of community hall | | | Yes | *Community* | *Community halls* | | | | | | 2 500 | 6 | New |
| Transport and Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | | 4 700 | 14 | New |
| Transport and Roads | Construction of access road | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | | 4 700 | 3 | New |
| Transport and Roads | Upgrading of roads | | | Yes | *Infrastructure* | *Roads, Pavements & Bridges* | | | | | | 8 000 | 11 | New |
| Community Assets | Construction of creche | | | Yes | *Community* | *Recreational facilities* | | | | | | 800 | 13 | New |
| Community Assets | Construction of creche | | | Yes | *Community* | *Recreational facilities* | | | | | | 800 | 9 | New |
| Community Assets | Construction of multi-purpose centre | | | Yes | *Community* | *Community halls* | | | | | | 5 203 | 11 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 1 000 | 5 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 1 000 | 7 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 1 000 | 9 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 1 000 | 11 | New |

## Table 55 MBRR SA36: Detailed capital budget per municipal vote (continued)

| Municipal Vote/Capital project<br>R thousand | Program/Project description | Project number | IDP Goal code<br>2 | Individually Approved (Yes/No)<br>6 | Asset Class<br>3 | Asset Sub-Class<br>3 | Total Project Estimate | Prior year outcomes | | 2014/15 Medium Term Revenue & Expenditure Framework | | | Project information | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Audited Outcome 2012/13 | Current Year 2013/14 Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Ward location | New or renewal |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 1 000 | 13 | New |
| Electricity | Installation of high masts | | | Yes | *Other Assets* | *Street Lighting* | | | | | | 3 000 | | New |
| Electricity | Installation of electricity infrastrucutre | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | | | | 7 000 | | New |
| Municipal Manager | Furniture | | | Yes | *Other Assets* | *Furniture and other office equipment* | | | | 86 | | | | New |
| Municipal Manager | Computer - Laptop | | | Yes | *Other Assets* | *Computers - hardware/equipment* | | | | 54 | | | | New |
| Executive Council | Furniture - Council Chamber | | | Yes | *Other Assets* | *Furniture and other office equipment* | | | | 700 | | | | New |
| Corporate Services | Computer - Laptops | | | Yes | *Other Assets* | *Computers - hardware/equipment* | | | | 45 | | | | New |
| Corporate Services | Furniture | | | Yes | *Other Assets* | *Furniture and other office equipment* | | | | 27 | | | | New |
| Financial Services | Desks and chairs | | | Yes | *Other Assets* | *Furniture and other office equipment* | | | | 76 | | | | New |
| Property Services | Fencing of office buildings | | | Yes | *Other Assets* | *Buildings* | | | | 1 200 | | | | New |
| Property Services | Community Hall | | | Yes | *Infrastructure* | *Community halls* | | | | 1 000 | | | | New |
| Property Services | Shelters for vehicles | | | Yes | *Infrastructure* | *Other* | | | | 800 | | | | New |
| Property Services | Acquisition of Transnet building | | | Yes | *Infrastructure* | *Buildings* | | | | 3 000 | | | | New |
| Property Services | Refurbishment of office buildings | | | Yes | *Infrastructure* | *Buildings* | | | | 2 000 | | | | New |
| Community Services | Desks and chairs | | | Yes | *Other* | *Furniture and other office equipment* | | | | 17 | 8 | 8 | | New |
| Community Services | Water Dispenser | | | Yes | *Other* | *Plant & equipment* | | | | 2 | | | | New |
| Disaster | Parkhome | | | Yes | *Other Assets* | *Other* | | | | 150 | | | | New |
| Disaster | Fire response vehicle | | | Yes | *Other Assets* | *Specialised vehicles - Fire* | | | | 550 | | | | New |
| Parks and Gardens | Various tools | | | Yes | *Other Assets* | *Plant & equipment* | | | | 776 | | | | New |
| Electricity | Installation of flood lights - Ncotshane | | | Yes | *Infrastructure* | *Street Lighting* | | | | 1 000 | | | | New |
| Roads | Pothole Equipment | | | Yes | *Other Assets* | *Plant & equipment* | | | | 1 500 | | | | New |
| Roads | Acquisition of lowbed truck | | | Yes | *Other Assets* | *Transportation* | | | | 1 200 | | 1 200 | | New |
| Roads | Acquisition of Grader | | | Yes | *Other Assets* | *Plant & equipment* | | | | | | 1 350 | | New |
| Roads | Acquisition of tipper truck | | | Yes | *Other Assets* | *Transportation* | | | | 765 | | | | New |
| Electricity | Overhead streetlights | | | Yes | *Infrastructure* | *Street Lighting* | | | | 700 | | | | New |
| Electricity | Ringfeeder | | | Yes | *Infrastructure* | *Transmission & Reticulation* | | | | 1 200 | | | | New |
| Electricity | Compressor | | | Yes | *Other Assets* | *Plant & equipment* | | | | 250 | | | | New |
| Electricity | Generator | | | Yes | *Other Assets* | *Plant & equipment* | | | | 450 | | | | New |
| Waste Management | Skips | | | Yes | *Other Assets* | *Plant & equipment* | | | | | 1 700 | | | New |
| Techncal | Bakkie | | | yes | *Other Assets* | *Transportation* | | | | | 450 | | | |
| Total Capital expenditure | | | | | | | | 19 232 | 65 736 | 56 336 | 45 247 | 46 761 | | |

## Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

2. Internship programme

   The Municipality is participating in the Municipal Financial Management Internship programme and has employed nine interns undergoing training in various divisions of the Financial Services Department. The first four have finished the first two years of training and are currently working to obtain further experience in their respective departments. Since the introduction of the Internship programme the Municipality has successfully employed and trained 3 interns through this programme.

3. Budget and Treasury Office

   The Budget and Treasury Office has been established in accordance with the MFMA. The municipality is in the process of filling all critical vacant posts within the finance department.

4. Audit Committee

   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 and is directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

   Annual report is compiled in terms of the MFMA and National Treasury requirements.

## 2.12 Other supporting documents

### Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| REVENUE ITEMS: | | | | | | | | | | |
| Property rates | | | | | | | | | | |
| Total Property Rates | 10 255 | 10 952 | 14 051 | 15 745 | 18 882 | 18 882 | 18 882 | 24 459 | 25 902 | 27 326 |
| *less Revenue Foregone* | | | | 1 908 | 1 086 | 1 086 | 1 086 | 1 394 | 1 477 | 1 558 |
| Net Property Rates | 10 255 | 10 952 | 14 051 | 13 837 | 17 797 | 17 797 | 17 797 | 23 064 | 24 425 | 25 768 |
| Service charges - electricity revenue | | | | | | | | | | |
| Total Service charges - electricity revenue | 14 689 | 18 309 | 23 366 | 23 868 | 24 273 | 24 273 | 24 273 | 26 529 | 27 604 | 29 123 |
| *less Revenue Foregone* | | | | | | | | | | |
| Net Service charges - electricity revenue | 14 689 | 18 309 | 23 366 | 23 868 | 24 273 | 24 273 | 24 273 | 26 529 | 27 604 | 29 123 |
| Service charges - refuse revenue | | | | | | | | | | |
| Total refuse removal revenue | 4 755 | 4 925 | 5 419 | 5 617 | 6 389 | 6 389 | 6 389 | 6 785 | 7 185 | 7 580 |
| Total landfill revenue | | | | | | | | | | |
| *less Revenue Foregone* | | | | | | | | | | |
| Net Service charges - refuse revenue | 4 755 | 4 925 | 5 419 | 5 617 | 6 389 | 6 389 | 6 389 | 6 785 | 7 185 | 7 580 |
| Other Revenue by source | | | | | | | | | | |
| *Sundry Income* | 308 | 545 | 1 251 | 1 339 | 771 | 771 | 771 | 819 | 867 | 915 |
| Total 'Other' Revenue | 308 | 545 | 1 251 | 1 339 | 771 | 771 | 771 | 819 | 867 | 915 |
| EXPENDITURE ITEMS: | | | | | | | | | | |
| Employee related costs | | | | | | | | | | |
| Basic Salaries and Wages | 17 419 | 19 256 | 23 200 | 25 904 | 26 320 | 26 320 | 26 320 | 33 714 | 35 862 | 38 139 |
| Pension and UIF Contributions | 1 681 | 1 167 | 2 176 | 2 349 | 2 741 | 2 741 | 2 741 | 3 696 | 3 932 | 4 184 |
| Medical Aid Contributions | 744 | 986 | 1 268 | 1 069 | 1 444 | 1 444 | 1 444 | 1 552 | 1 651 | 1 757 |
| Overtime | 1 856 | 1 694 | 2 327 | 1 720 | 1 512 | 1 512 | 1 512 | 1 242 | 1 322 | 1 405 |
| Performance Bonus | 1 351 | 1 167 | 1 472 | 2 251 | 2 942 | 2 942 | 2 942 | 2 818 | 2 998 | 3 189 |
| Motor Vehicle Allowance | 989 | 1 939 | 1 443 | 1 611 | 1 199 | 1 199 | 1 199 | 2 222 | 2 364 | 2 516 |
| Cellphone Allowance | 50 | 25 | 64 | 103 | 53 | 53 | 53 | 126 | 134 | 143 |
| Housing Allowances | 27 | 25 | 30 | 228 | 28 | 28 | 28 | 29 | 31 | 32 |
| Other benefits and allowances | 874 | 474 | 1 795 | 322 | 1 287 | 1 287 | 1 287 | 266 | 283 | 301 |
| Payments in lieu of leave | 533 | 363 | – | – | – | – | – | – | – | – |
| Long service awards | 1 125 | 2 387 | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | | (72) | – | – | – | – | – | – | – | – |
| *sub-total* | 26 649 | 29 409 | 33 774 | 35 555 | 37 526 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |
| Less: Employees costs capitalised to PPE | | | | | | | | | | |
| Total Employee related costs | 26 649 | 29 409 | 33 774 | 35 555 | 37 526 | 37 526 | 37 526 | 45 665 | 48 577 | 51 665 |
| Contributions recognised - capital | | | | | | | | | | |
| *List contributions by contract* | | | | | | | | | | |
| Total Contributions recognised - capital | – | – | – | – | – | – | – | – | – | – |

## Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Depreciation & asset impairment | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 2 718 | 2 974 | 3 975 | 3 823 | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |
| Lease amortisation | – | – | – | – | – | – | – | – | – | – |
| Capital asset impairment | – | – | 397 | – | – | – | – | – | – | – |
| Depreciation resulting from revaluation of PPE | – | – | – | – | – | – | – | – | – | – |
| Total Depreciation & asset impairment | 2 718 | 2 974 | 4 372 | 3 823 | 3 823 | 3 823 | 3 823 | 4 536 | 5 441 | 6 376 |
| Bulk purchases | | | | | | | | | | |
| Electricity Bulk Purchases | 12 796 | 15 617 | 19 039 | 20 925 | 21 561 | 21 561 | 21 561 | 23 299 | 24 673 | 26 030 |
| Water Bulk Purchases | – | – | – | – | – | – | – | – | – | – |
| Total bulk purchases | 12 796 | 15 617 | 19 039 | 20 925 | 21 561 | 21 561 | 21 561 | 23 299 | 24 673 | 26 030 |
| Transfers and grants | | | | | | | | | | |
| Cash transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Non-cash transfers and grants | – | 2 190 | 2 691 | 2 400 | 3 634 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Total transfers and grants | – | 2 190 | 2 691 | 2 400 | 3 634 | 3 634 | 3 634 | 2 810 | 7 976 | 8 415 |
| Contracted services | | | | | | | | | | |
| *Electrical Services* | 7 773 | 6 471 | 9 157 | 559 | 559 | 559 | 559 | 594 | 629 | 663 |
| *Refuse collection services (waste removal)* | | | | 3 837 | 4 595 | 4 595 | 4 595 | 4 649 | 5 168 | 5 452 |
| *Parks and Garden maintenance* | | | | 1 177 | 1 177 | 1 177 | 1 177 | 1 250 | 1 324 | 1 397 |
| *Information Technology services/corporate* | | | | 987 | 987 | 987 | 987 | 1 048 | 1 110 | 1 171 |
| *Professional services* | | | | 634 | 634 | 634 | 634 | 673 | 713 | 752 |
| *Security/ Protection Services* | | | | 2 816 | 2 816 | 2 816 | 2 816 | 2 759 | 3 167 | 3 341 |
| *sub-total* | 7 773 | 6 471 | 9 157 | 10 010 | 10 768 | 10 768 | 10 768 | 10 974 | 12 111 | 12 777 |
| Allocations to organs of state: | | | | | | | | | | |
| Electricity | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total contracted services | 7 773 | 6 471 | 9 157 | 10 010 | 10 768 | 10 768 | 10 768 | 10 974 | 12 111 | 12 777 |
| Other Expenditure By Type | | | | | | | | | | |
| Collection costs | – | 843 | 255 | 300 | 300 | 300 | 300 | 319 | 337 | 356 |
| Contributions to 'other' provisions | (2 132) | 2 299 | 984 | 230 | – | – | – | 232 | 245 | 259 |
| Consultant fees | 3 256 | 3 017 | 3 020 | 3 617 | 3 150 | 3 150 | 3 150 | 1 169 | 2 221 | 2 343 |
| Audit fees | 603 | 1 738 | 2 426 | 2 500 | 2 490 | 2 490 | 2 490 | 2 336 | 2 474 | 2 610 |
| General expenses | 3 709 | 636 | 1 363 | 9 017 | 4 779 | 4 779 | 4 779 | 3 326 | 2 785 | 2 939 |
| *Subsistence and Travelling* | 690 | 1 604 | 2 594 | 1 740 | 2 412 | 2 412 | 2 412 | 2 558 | 2 708 | 2 857 |
| *Advertising* | 404 | 208 | 602 | 385 | 385 | 385 | 385 | 499 | 529 | 558 |
| *Legal Costs* | – | – | – | 304 | 304 | 304 | 304 | 323 | 342 | 361 |
| *Licenses* | – | – | – | 709 | 535 | 535 | 535 | 568 | 601 | 634 |
| *Stationery,printing and telephone* | 1 078 | 1 017 | 1 391 | 1 217 | 1 352 | 1 352 | 1 352 | 1 456 | 1 542 | 1 627 |
| *Youth, senior citizen, men & women support* | – | – | – | – | – | – | – | 3 234 | 3 425 | 3 614 |
| *Postages and courier* | 17 | 37 | 31 | 35 | 46 | 46 | 46 | 49 | 51 | 54 |

## Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| *Cleaning materials* | 300 | 530 | 211 | 180 | 401 | 401 | 401 | 235 | 249 | 262 |
| *Electricity,water,refuse& sewerage charges* | 2 589 | 280 | 289 | 1 456 | 707 | 707 | 707 | 751 | 795 | 839 |
| *Transport* | – | 680 | – | – | – | – | – | 1 051 | 1 113 | 1 174 |
| *Fuel & oil* | 766 | 496 | 1 049 | 1 932 | 1 441 | 1 441 | 1 441 | 1 033 | 1 894 | 1 998 |
| *Hire of equipment and rentals* | 400 | 1 075 | 367 | 127 | 620 | 620 | 620 | 1 472 | 1 559 | 1 645 |
| *Uniform and Protective Clothing* | – | 188 | 83 | 422 | 796 | 796 | 796 | 1 037 | 1 099 | 1 159 |
| *Training Fees and subscriptions* | 294 | 324 | 236 | 1 489 | 859 | 859 | 859 | 1 222 | 1 294 | 1 366 |
| *Insurance* | 455 | 688 | 1 273 | 1 152 | 1 144 | 1 144 | 1 144 | 1 215 | 2 286 | 2 412 |
| Public participation | 2 202 | 1 754 | 2 055 | 2 906 | 2 796 | 2 796 | 2 796 | 2 936 | 3 110 | 3 281 |
| Pauper burials | – | – | – | 201 | 201 | 201 | 201 | 214 | 227 | 239 |
| Ward Upliftment | – | – | – | 1 739 | 2 640 | 2 640 | 2 640 | 2 804 | 2 970 | 3 133 |
| EPWP | – | – | – | 1 000 | 2 006 | 2 006 | 2 006 | 1 823 | – | – |
| Accomodation Expense | – | – | – | 1 195 | 1 819 | 1 819 | 1 819 | 1 932 | 2 046 | 2 158 |
| Disaster Victims Support and LED | 2 296 | – | – | 3 400 | 4 134 | 4 134 | 4 134 | 3 380 | 9 474 | 9 359 |
| Total 'Other' Expenditure | 16 926 | 17 414 | 18 230 | 37 256 | 35 318 | 35 318 | 35 318 | 37 174 | 45 376 | 47 236 |
| | | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | |
| Employee related costs | 1 605 | 2 157 | 2 443 | 2 196 | 4 770 | 4 770 | 1 963 | 2 968 | 3 216 | 3 422 |
| Other materials | 1 820 | 1 198 | 5 491 | 8 311 | 8 242 | 8 242 | 8 242 | 8 978 | 15 645 | 13 960 |
| Contracted Services | 116 | 1 397 | 448 | 326 | 559 | 559 | 559 | 594 | 629 | 663 |
| Other Expenditure | – | – | – | – | – | – | – | – | – | – |
| Total Repairs and Maintenance Expenditure | 3 541 | 4 751 | 8 382 | 10 833 | 13 571 | 13 571 | 10 764 | 12 540 | 19 490 | 18 045 |

## Table 57 MBRR Table SA2 - Matrix Financial Performance Budget (revenue source/ expenditure type by department)

| Description<br>R thousand | Vote 1 - Governance and | Vote 2 - Financial | Vote 3 - Corporate | Vote 4 - Community and Social | Vote 5 - Sports and | Vote 6 - Public Safety | Vote 7 - Planning and | Vote 8 - Roads | Vote 9 - Environment | Vote 10 - Other | Vote 11 - Housing | Vote 12 - Electricity | Vote 13 - Water | Vote 14 - Waste Water | Vote 15 - Waste | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 23 404 | | | | | | | | | | | | | | 23 404 |
| Property rates - penalties & collection charges | | | | | | | | | | | | | | | | – |
| Service charges - electricity revenue | | | | | | | | | | | | 26 067 | | | | 26 067 |
| Service charges - water revenue | | | | | | | | | | | | | | | | – |
| Service charges - sanitation revenue | | | | | | | | | | | | | | | | – |
| Service charges - refuse revenue | | | | 1 289 | | | | | | | | | | | 5 496 | 6 785 |
| Service charges - other | | | | | | | | | | | | | | | | – |
| Rental of facilities and equipment | | | 1 063 | 224 | 99 | | | | | 3 | | | | | | 1 390 |
| Interest earned - external investments | | 1 762 | | | | | | | | | | | | | | 1 762 |
| Interest earned - outstanding debtors | | 1 981 | 9 | | | | | | | | | 142 | | | 1 693 | 3 826 |
| Dividends received | | | | | | | | | | | | | | | | – |
| Fines | | | | 5 | | 393 | | | | | | | | | | 398 |
| Licences and permits | | | | | | | | 2 436 | | | | | | | | 2 436 |
| Agency services | | | | | | 1 061 | | | | | | | | | | 1 061 |
| Other revenue | | 166 | 84 | 154 | | | 177 | 2 | | | | 219 | | | 16 | 819 |
| Transfers recognised - operational | 16 758 | 13 128 | 7 657 | 5 266 | 2 162 | 4 037 | 8 354 | 6 536 | | 1 277 | | 14 698 | | | 2 983 | 82 855 |
| Gains on disposal of PPE | | | | | | | | | | | | | | | | – |
| Total Revenue (excluding capital transfers and contributio | 16 758 | 40 440 | 8 814 | 6 939 | 2 262 | 5 491 | 8 531 | 8 974 | – | 1 279 | – | 41 125 | – | – | 10 188 | 150 801 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | 3 337 | 8 393 | 6 354 | 7 837 | 622 | 6 131 | 7 135 | 5 223 | | 292 | | 339 | | | | 45 665 |
| Remuneration of councillors | 7 393 | | | | | | | | | | | | | | | 7 393 |
| Debt impairment | | | | | | | | | | | | | | | 1 454 | 1 454 |
| Depreciation & asset impairment | | 4 060 | | | | | | | | | | | | | | 4 060 |
| Finance charges | | 471 | | | | | | | | | | | | | | 471 |
| Bulk purchases | | | | | | | | | | | | 23 299 | | | | 23 299 |
| Other materials | | | | | | | | | | | | | | | | – |
| Contracted services | | 1 733 | 3 577 | | 1 250 | | | | | | | 594 | | | 4 281 | 11 436 |
| Transfers and grants | | | | | | | | | | | | 2 810 | | | | 2 810 |
| Other expenditure | 11 294 | 7 823 | 5 346 | 524 | 2 121 | 1 880 | 5 797 | 7 747 | | 2 043 | | 2 124 | | | 183 | 46 882 |
| Loss on disposal of PPE | | | | | | | | | | | | | | | | – |
| Total Expenditure | 22 024 | 22 479 | 15 277 | 8 362 | 3 993 | 8 011 | 12 932 | 12 970 | – | 2 335 | – | 29 166 | – | – | 5 919 | 143 469 |
| Surplus/(Deficit) | (5 267) | 17 961 | (6 463) | (1 423) | (1 731) | (2 521) | (4 401) | (3 996) | – | (1 056) | – | 11 960 | – | – | 4 269 | 7 332 |
| Transfers recognised - capital | | | | | | | 26 789 | | | | | 12 000 | | | | 38 789 |
| Contributions recognised - capital | | | | | | | | | | | | | | | | – |
| Contributed assets | | | | | | | | | | | | | | | | – |
| Surplus/(Deficit) after capital transfers & contributions | (5 267) | 17 961 | (6 463) | (1 423) | (1 731) | (2 521) | 22 388 | (3 996) | – | (1 056) | – | 23 960 | – | – | 4 269 | 46 121 |

## Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position

| Description | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| ASSETS | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | |
| Call deposits < 90 days | 12 207 | 8 403 | 22 873 | 21 318 | 18 070 | 9 622 | 9 622 | 12 142 | 24 315 | 24 503 |
| Other current investments > 90 days | | | | | – | – | – | – | – | – |
| Total Call investment deposits | 12 207 | 8 403 | 22 873 | 21 318 | 18 070 | 9 622 | 9 622 | 12 142 | 24 315 | 24 503 |
| Consumer debtors | | | | | | | | | | |
| Consumer debtors | 52 124 | 58 705 | 70 045 | 73 535 | 74 283 | 82 731 | 82 731 | 71 046 | 76 004 | 78 115 |
| Less: Provision for debt impairment | (33 380) | (33 686) | (35 871) | (57 309) | (35 871) | (35 871) | (35 871) | (38 695) | (40 235) | (41 860) |
| Total Consumer debtors | 18 744 | 25 019 | 34 174 | 16 226 | 38 412 | 46 859 | 46 859 | 32 351 | 35 768 | 36 255 |
| Debt impairment provision | | | | | | | | | | |
| Balance at the beginning of the year | 15 820 | 16 386 | 19 317 | 55 940 | 35 871 | 35 871 | 35 871 | 35 871 | 37 326 | 388 656 |
| Contributions to the provision | 17 560 | 2 932 | 3 939 | 1 369 | – | – | – | 1 454 | 1 540 | 1 625 |
| Bad debts written off | – | – | – | – | – | – | – | – | | |
| Balance at end of year | 33 380 | 19 317 | 23 256 | 57 309 | 35 871 | 35 871 | 35 871 | 37 326 | 38 866 | 390 281 |
| Property, plant and equipment (PPE) | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 84 839 | 129 150 | 147 656 | 217 994 | 208 369 | 208 369 | 208 369 | 269 746 | 314 993 | 361 754 |
| Leases recognised as PPE | – | – | – | – | – | – | – | – | – | – |
| Less: Accumulated depreciation | 16 230 | 19 105 | 23 256 | 26 237 | 23 256 | 23 256 | 23 256 | 31 120 | 35 401 | 39 919 |
| Total Property, plant and equipment (PPE) | 68 609 | 110 045 | 124 400 | 191 757 | 185 113 | 185 113 | 185 113 | 238 625 | 279 591 | 321 835 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | |
| Short term loans (other than bank overdraft) | – | – | – | – | – | – | – | – | – | – |
| Current portion of long-term liabilities | 1 006 | 2 464 | 2 647 | 4 152 | 2 647 | 2 647 | 2 647 | 3 722 | 3 418 | 3 504 |
| Total Current liabilities - Borrowing | 1 006 | 2 464 | 2 647 | 4 152 | 2 647 | 2 647 | 2 647 | 3 722 | 3 418 | 3 504 |
| Trade and other payables | | | | | | | | | | |
| Trade and other creditors | 13 730 | 18 532 | 15 680 | 18 835 | 19 662 | 19 662 | 19 662 | 16 270 | 13 666 | 16 587 |
| Unspent conditional transfers | 14 784 | 5 445 | 6 043 | 1 840 | – | – | – | – | – | – |
| VAT | 5 987 | 4 234 | 5 666 | – | 5 666 | 5 666 | 5 666 | 5 666 | 5 666 | 5 666 |
| Total Trade and other payables | 34 500 | 28 211 | 27 388 | 20 676 | 25 328 | 25 328 | 25 328 | 21 935 | 19 332 | 22 252 |
| Non current liabilities - Borrowing | | | | | | | | | | |
| Borrowing | 3 213 | 2 430 | 845 | 18 693 | 7 014 | 7 014 | 7 014 | 14 890 | 13 671 | 14 015 |
| Finance leases (including PPP asset element) | – | 2 576 | 1 272 | – | – | – | – | – | – | – |
| Total Non current liabilities - Borrowing | 3 213 | 5 006 | 2 117 | 18 693 | 7 014 | 7 014 | 7 014 | 14 890 | 13 671 | 14 015 |
| Provisions - non-current | | | | | | | | | | |
| Retirement benefits | 2 403 | 2 284 | 2 601 | 2 978 | 1 483 | 1 483 | 1 483 | 2 601 | 2 601 | 2 601 |
| *List other major provision items* | | | | | | | | | | |
| Refuse landfill site rehabilitation | 1 835 | 3 678 | 3 862 | 1 927 | 1 927 | 1 927 | 1 927 | 3 862 | 3 862 | 3 862 |
| Other | 1 648 | 1 947 | – | 1 947 | 452 | 452 | 452 | | | |
| Total Provisions - non-current | 5 886 | 7 910 | 6 462 | 6 852 | 3 862 | 3 862 | 3 862 | 6 462 | 6 462 | 6 462 |
| CHANGES IN NET ASSETS | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 158 131 | 161 570 | 177 903 | 227 800 | 227 800 | 227 800 | 227 800 | 292 114 | 324 262 | 384 792 |
| GRAP adjustments | 505 | (1 245) | 19 673 | – | | | | – | – | – |
| Restated balance | 158 636 | 160 325 | 197 576 | 227 800 | 227 800 | 227 800 | 227 800 | 292 114 | 324 262 | 384 792 |
| Surplus/(Deficit) | 2 934 | 37 886 | 34 709 | 34 603 | 58 457 | 58 457 | 58 457 | 46 121 | 44 797 | 44 211 |
| Appropriations to Reserves | – | – | – | – | – | – | – | – | – | – |
| Transfers from Reserves | – | – | – | – | – | – | – | – | – | – |
| Depreciation offsets | – | – | – | – | – | – | – | – | – | – |
| Other adjustments | – | – | – | 15 955 | 5 858 | 5 858 | 5 858 | (13 973) | 15 733 | (4 800) |
| Accumulated Surplus/(Deficit) | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |
| Reserves | | | | | | | | | | |
| Housing Development Fund | | | | | | | | | | |
| Capital replacement | | | | | | | | | | |
| Self-insurance | | | | | | | | | | |
| Other reserves | | | | | | | | | | |
| Revaluation | | | | | | | | | | |
| Total Reserves | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 161 570 | 198 211 | 232 285 | 278 358 | 292 114 | 292 114 | 292 114 | 324 262 | 384 792 | 424 204 |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | | |
| Population | Census 1996; Census 2001; Census 2011 | 119 780 | 119 780 | 127.398 | 127 238 | 127 238 | 127 238 | 129 542 | 134 872 | 142.965 | 151.542 |
| Females aged 5 - 14 | Census 1996; Census 2001; Census 2011 | 16 589 | 16 589 | 16.030 | 15 730 | 15 730 | 15 730 | 16 015 | 16 976 | 17.994 | 19.074 |
| Males aged 5 - 14 | Census 1996; Census 2001; Census 2011 | 16 664 | 16 664 | 16.197 | 16 197 | 16 197 | 16 197 | 16 490 | 17 479 | 18.528 | 19.640 |
| Females aged 15 - 34 | Census 1996; Census 2001; Census 2011 | 22 541 | 22 541 | 24.644 | 24 644 | 24 644 | 24 644 | 25 090 | 26 595 | 28.191 | 29.883 |
| Males aged 15 - 34 | Census 1996; Census 2001; Census 2011 | 19 880 | 19 880 | 22.692 | 22 692 | 22 692 | 22 692 | 23.102 | 24 488 | 25.957 | 27.515 |
| Unemployment | Census 1996; Census 2001; Census 2011 | 15 908 | 15 908 | 17.668 | 17.668 | 17.668 | 17.668 | 17.988 | 19.067 | 20.211 | 21.424 |
| households) | | | | | | | | | | | |
| No income | Census 1996; Census 2001; Census 2011 | 19 407 | 19 407 | 3 953 | 3 953 | 3 953 | 3 953 | 3 953 | 4 190 | 4 442 | 4 708 |
| R1 - R1 600 | Census 1996; Census 2001; Census 2011 | 5 752 | 5 752 | 12 770 | 12 770 | 12 770 | 12 770 | 12 770 | 13 536 | 14 348 | 15 209 |
| R1 601 - R3 200 | Census 1996; Census 2001; Census 2011 | 396 | 396 | 6 281 | 6 281 | 6 281 | 6 281 | 6 281 | 6 658 | 7 057 | 7 481 |
| R3 201 - R6 400 | Census 1996; Census 2001; Census 2011 | 253 | 253 | 2 651 | 2 651 | 2 651 | 2 651 | 2 651 | 2 810 | 2 979 | 3 157 |
| R6 401 - R12 800 | Census 1996; Census 2001; Census 2011 | 89 | 89 | 1 581 | 1 581 | 1 581 | 1 581 | 1 581 | 1 676 | 1 776 | 1 883 |
| R12 801 - R25 600 | Census 1996; Census 2001; Census 2011 | 30 | 30 | 944 | 944 | 944 | 944 | 944 | 1 001 | 1 061 | 1 124 |
| R25 601 - R51 200 | Census 1996; Census 2001; Census 2011 | 13 | 13 | 404 | 404 | 404 | 404 | 404 | 428 | 454 | 481 |
| R52 201 - R102 400 | Census 1996; Census 2001; Census 2011 | 11 | 11 | 90 | 90 | 90 | 90 | 90 | 95 | 101 | 107 |
| R102 401 - R204 800 | Census 1996; Census 2001; Census 2011 | 11 | 11 | 46 | 46 | 46 | 46 | 46 | 49 | 52 | 55 |
| R204 801 - R409 600 | Census 1996; Census 2001; Census 2011 | – | – | 51 | 51 | 51 | 51 | 51 | 54 | 57 | 61 |
| R409 601 - R819 200 | Census 1996; Census 2001; Census 2011 | – | – | – | – | – | – | – | – | – | – |
| > R819 200 | Census 1996; Census 2001; Census 2011 | – | – | – | – | – | – | – | – | – | – |
| Poverty profiles (no. of households) | | | | | | | | | | | |
| < R2 060 per household per month | | | | | | | | | | | |
| Insert description | | | | | | | | | | | |
| Household/demographics (000) | | | | | | | | | | | |
| Number of people in municipal area | | 119 780 | | | | | 127 238 | | | | |
| Number of poor people in municipal area | | - | | | | | | | | | |
| Number of households in municipal area | | 26 954 | | | | | 28 772 | | | | |
| Number of poor households in municipal | | - | - | - | – | – | – | - | – | – | – |
| Definition of poor household (R per | | 2 060 | 2 060 | 2 060 | 2 060 | 2 060 | 2 060 | 2 185 | 2 185 | 2 315 | 2 455 |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Housing statistics | | | | | | | | | | | |
| Formal | | 16 331 | 15 006 | 24 013 | 24 013 | 24 157 | 25 606 | 25 606 | 27 142 | 28 771 | 30 497 |
| Informal | | 398 | 438 | 342 | 342 | 344 | 365 | 365 | 387 | 410 | 435 |
| Total number of households | | 16 729 | 15 444 | 24 355 | 24 355 | 24 501 | 25 971 | 25 971 | 27 529 | 29 181 | 30 932 |
| Dwellings provided by municipality | | - | - | - | - | - | | - | | | |
| Dwellings provided by province/s | | - | - | - | - | - | | - | | | |
| Dwellings provided by private sector | | 4 834 | 1 030 | 1 030 | 7 195 | 4 863 | 4 863 | 4 921 | 5 216 | 5 529 | 5 861 |
| Total new housing dwellings | | 4 834 | 1 030 | 1 030 | 7 195 | 4 863 | 4 863 | 4 921 | 5 216 | 5 529 | 5 861 |
| | | | | | | | | | | | |
| Economic | | | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | | | 6.5% | 6.5% | 6.0% | 5.6% | 5.6% | 5.6% | 5.6% |
| Interest rate - borrowing | | | | | 11.5% | 11.5% | 8.5% | 8.0% | 8.0% | 8.0% | 8.0% |
| Interest rate - investment | | | | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Remuneration increases | | | | | 6.3% | 6.3% | 6.8% | 6.9% | 6.9% | 6.9% | 6.9% |
| Consumption growth (electricity) | | | | | 14.0% | 14.0% | 8.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| Consumption growth (water) | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | | | | | | | | | | | |
| Collection rates | | | | | | | | | | | |
| Property tax/service charges | | | | | 83.0% | 80.0% | 77.0% | 83.0% | 83.0% | 83.0% | 83.0% |
| Rental of facilities & equipment | | | | | 90.0% | 90.0% | 77.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| Interest - external investments | | | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Interest - debtors | | | | | 80.0% | 80.0% | 77.0% | 83.0% | 83.0% | 83.0% | 83.0% |
| Revenue from agency services | | | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

**Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)**

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Total municipal services | | | | | | | | | | | |
| | Household service targets (000) | | | | | | | | | | |
| | *Water:* | | | | | | | | | | |
| | Piped water inside dwelling | | 1 632 | 1 632 | 1 726 | 1 654 | 1 654 | 1 654 | 1 830 | 1 880 | 2 236 |
| | Piped water inside yard (but not in dwelling) | | 9 533 | 9 533 | 10 070 | 9 705 | 9 706 | 9 706 | 10 674 | 10 965 | 13 044 |
| | Using public tap (at least min.service level) | | 1 780 | 1 780 | 2 014 | 1 812 | 1 812 | 1 812 | 2 135 | 2 193 | 2 609 |
| | Other water supply (at least min.service level) | | 3 356 | 3 356 | 3 452 | 3 418 | 3 417 | 3 417 | 3 660 | 3 759 | 4 472 |
| | *Minimum Service Level and Above sub-total* | | 16 301 | 16 301 | 17 262 | 16 589 | 16 589 | 16 589 | 18 299 | 18 797 | 22 361 |
| | Using public tap (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | Other water supply (< min.service level) | | 10 652 | 10 652 | 11 509 | 10 846 | 10 846 | 10 846 | 12 198 | 12 531 | 14 906 |
| | No water supply | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | *Below Minimum Service Level sub-total* | | 10 653 | 10 653 | 11 510 | 10 847 | 10 847 | 10 847 | 12 199 | 12 532 | 14 907 |
| | Total number of households | | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| | *Sanitation/sewerage:* | | | | | | | | | | |
| | Flush toilet (connected to sewerage) | | 2 452 | 2 452 | 2 589 | 2 496 | 2 496 | 2 496 | 2 745 | 2 820 | 3 354 |
| | Flush toilet (with septic tank) | | 790 | 790 | 863 | 805 | 805 | 805 | 915 | 940 | 1 118 |
| | Chemical toilet | | 1 552 | 1 552 | 1 726 | 1 580 | 1 580 | 1 580 | 1 830 | 1 880 | 2 236 |
| | Pit toilet (ventilated) | | 2 940 | 2 940 | 3 165 | 2 993 | 2 993 | 2 993 | 3 355 | 3 446 | 4 099 |
| | Other toilet provisions (> min.service level) | | 6 721 | 6 721 | 6 906 | 6 842 | 6 842 | 6 842 | 7 319 | 7 519 | 8 945 |
| | *Minimum Service Level and Above sub-total* | | 14 455 | 14 455 | 15 249 | 14 716 | 14 716 | 14 716 | 16 164 | 16 605 | 19 752 |
| | Bucket toilet | | 174 | 174 | 288 | 173 | 173 | 173 | 305 | 313 | 373 |
| | Other toilet provisions (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | No toilet provisions | | 12 325 | 12 325 | 13 235 | 12 547 | 12 547 | 12 547 | 14 029 | 14 411 | 17 143 |
| | *Below Minimum Service Level sub-total* | | 12 499 | 12 499 | 13 523 | 12 720 | 12 720 | 12 720 | 14 334 | 14 724 | 17 516 |
| | Total number of households | | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| | *Energy:* | | | | | | | | | | |
| | Electricity (at least min.service level) | | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| | Electricity - prepaid (min.service level) | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| | Electricity (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | Electricity - prepaid (< min. service level) | | – | – | – | – | – | – | – | – | – |
| | Other energy sources | | 12 830 | 12 830 | 12 072 | 13 052 | 13 052 | 13 052 | 12 796 | 13 564 | 17 378 |
| | *Below Minimum Service Level sub-total* | | 12 830 | 12 830 | 12 072 | 13 052 | 13 052 | 13 052 | 12 796 | 13 564 | 17 378 |
| | Total number of households | | 26 954 | 26 954 | 28 772 | 27 432 | 27 432 | 27 432 | 30 498 | 31 329 | 37 268 |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| | *Refuse:* | | | | | | | | | | |
| | Removed at least once a week | | 4 493 | 4 493 | 4 547 | 4 574 | 4 574 | 4 574 | 4 574 | 4 602 | 4 629 |
| | *Minimum Service Level and Above sub-total* | | 4 493 | 4 493 | 4 547 | 4 574 | 4 574 | 4 574 | 4 574 | 4 602 | 4 629 |
| | Removed less frequently than once a week | | 697 | 697 | 700 | 710 | 710 | 710 | 915 | 939 | 1 118 |
| | Using communal refuse dump | | 197 | 197 | 199 | 202 | 202 | 202 | 305 | 313 | 373 |
| | Using own refuse dump | | 16 552 | 16 552 | 16 850 | 16 853 | 16 853 | 16 853 | 18 604 | 19 110 | 22 733 |
| | Other rubbish disposal | | 221 | 221 | 221 | 226 | 226 | 226 | 248 | 263 | 279 |
| | No rubbish disposal | | 4 794 | 4 794 | 6 255 | 4 871 | 4 871 | 4 871 | 5 852 | 6 102 | 8 136 |
| | *Below Minimum Service Level sub-total* | | 22 461 | 22 461 | 24 225 | 22 862 | 22 862 | 22 862 | 25 924 | 26 727 | 32 639 |
| | Total number of households | | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| | Household service targets (000) | | | | | | | | | | |
| | *Water:* | | | | | | | | | | |
| | Piped water inside dwelling | | – | – | – | – | – | – | – | – | – |
| | Piped water inside yard (but not in dwelling) | | – | – | – | – | – | – | – | – | – |
| | Using public tap (at least min.service level) | | – | – | – | – | – | – | – | – | – |
| | Other water supply (at least min.service level) | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Using public tap (< min.service level) | | – | – | 3 910 | – | – | – | 4 145 | 4 393 | 4 657 |
| | Other water supply (< min.service level) | | 10 652 | 10 652 | 37 518 | 10 845 | 10 846 | 10 846 | 39 769 | 42 155 | 44 685 |
| | No water supply | | 1 | 1 | 1 891 | 1 | 1 | 1 | 2 004 | 2 125 | 2 252 |
| | *Below Minimum Service Level sub-total* | | 10 653 | 10 653 | 43 319 | 10 846 | 10 847 | 10 847 | 45 918 | 48 673 | 51 594 |
| | Total number of households | | 10 653 | 10 653 | 43 319 | 10 846 | 10 847 | 10 847 | 45 918 | 48 673 | 51 594 |
| | *Sanitation/sewerage:* | | | | | | | | | | |
| | Flush toilet (connected to sewerage) | | – | – | – | – | – | – | – | – | – |
| | Flush toilet (with septic tank) | | 790 | 790 | 863 | 805 | 805 | 805 | 915 | 940 | 1 118 |
| | Chemical toilet | | 1 552 | 1 552 | 1 726 | 1 580 | 1 580 | 1 580 | 1 830 | 1 880 | 2 236 |
| | Pit toilet (ventilated) | | 2 940 | 2 940 | 3 165 | 2 993 | 2 993 | 2 993 | 3 355 | 3 446 | 4 099 |
| | Other toilet provisions (> min.service level) | | 6 721 | 6 721 | 6 906 | 6 842 | 6 842 | 6 842 | 7 319 | 7 519 | 8 945 |
| | *Minimum Service Level and Above sub-total* | | 12 003 | 12 003 | 12 660 | 12 220 | 12 220 | 12 220 | 13 419 | 13 785 | 16 398 |
| | Bucket toilet | | 174 | 174 | 288 | 173 | 173 | 173 | 305 | 313 | 373 |
| | Other toilet provisions (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | No toilet provisions | | 12 325 | 12 325 | 13 235 | 12 547 | 12 547 | 12 547 | 14 029 | 14 411 | 17 143 |
| | *Below Minimum Service Level sub-total* | | 12 499 | 12 499 | 13 523 | 12 720 | 12 720 | 34 535 | 14 334 | 14 724 | 17 516 |
| | Total number of households | | 24 502 | 24 502 | 26 183 | 24 940 | 24 940 | 46 755 | 27 753 | 28 509 | 33 914 |

**Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)**

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| | *Energy:* | | | | | | | | | | |
| | Electricity (at least min.service level) | | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| | Electricity - prepaid (min.service level) | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | 14 124 | 14 124 | 16 700 | 14 380 | 14 380 | 14 380 | 17 702 | 17 765 | 19 890 |
| | Electricity (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | Electricity - prepaid (< min. service level) | | – | – | – | – | – | – | – | – | – |
| | Other energy sources | | 12 830 | 12 830 | 12 072 | 13 056 | 13 056 | 13 056 | 12 796 | 13 564 | 17 378 |
| | *Below Minimum Service Level sub-total* | | 12 830 | 12 830 | 12 072 | 13 056 | 13 056 | 13 056 | 12 796 | 13 564 | 17 378 |
| | Total number of households | | 26 954 | 26 954 | 28 772 | 27 436 | 27 436 | 27 436 | 30 498 | 31 329 | 37 268 |
| | *Refuse:* | | | | | | | | | | |
| | Removed at least once a week | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Removed less frequently than once a week | | 697 | 697 | 700 | 710 | 710 | 710 | 915 | 939 | 1 118 |
| | Using communal refuse dump | | 197 | 197 | 199 | 202 | 202 | 202 | 305 | 313 | 373 |
| | Using own refuse dump | | 16 552 | 16 552 | 16 850 | 16 853 | 16 853 | 16 853 | 18 604 | 19 110 | 22 733 |
| | Other rubbish disposal | | 221 | 221 | 221 | 226 | 226 | 226 | 248 | 263 | 279 |
| | No rubbish disposal | | 4 794 | 4 794 | 6 255 | 4 871 | 4 871 | 4 871 | 5 852 | 6 102 | 8 136 |
| | *Below Minimum Service Level sub-total* | | 22 461 | 22 461 | 24 225 | 22 862 | 22 862 | 22 862 | 25 924 | 26 727 | 32 639 |
| | Total number of households | | 22 461 | 22 461 | 24 225 | 22 862 | 22 862 | 22 862 | 25 924 | 26 727 | 32 639 |
| Municipal entity services | | | | | | | | | | | |
| | | | | | | | | | | | |
| | Household service targets (000) | | | | | | | | | | |
| Name of municipal entity | *Water:* | | | | | | | | | | |
| | Piped water inside dwelling | | | | | | | | | | |
| | Piped water inside yard (but not in dwelling) | | | | | | | | | | |
| | Using public tap (at least min.service level) | | | | | | | | | | |
| | Other water supply (at least min.service level) | | | | | | | | | | |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Using public tap (< min.service level) | | | | | | | | | | |
| | Other water supply (< min.service level) | | | | | | | | | | |
| | No water supply | | | | | | | | | | |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | – | – | – | – | – | – | – | – | – |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | 2014/15 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Name of municipal entity | *Sanitation/sewerage:* | | | | | | | | | | |
| | Flush toilet (connected to sewerage) | | | | | | | | | | |
| | Flush toilet (with septic tank) | | | | | | | | | | |
| | Chemical toilet | | | | | | | | | | |
| | Pit toilet (ventilated) | | | | | | | | | | |
| | Other toilet provisions (> min.service level) | | | | | | | | | | |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Bucket toilet | | | | | | | | | | |
| | Other toilet provisions (< min.service level) | | | | | | | | | | |
| | No toilet provisions | | | | | | | | | | |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | – | – | – | – | – | – | – | – | – |
| Name of municipal entity | *Energy:* | | | | | | | | | | |
| | Electricity (at least min.service level) | | | | | | | | | | |
| | Electricity - prepaid (min.service level) | | | | | | | | | | |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Electricity (< min.service level) | | | | | | | | | | |
| | Electricity - prepaid (< min. service level) | | | | | | | | | | |
| | Other energy sources | | | | | | | | | | |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | – | – | – | – | – | – | – | – | – |
| Name of municipal entity | *Refuse:* | | | | | | | | | | |
| | Removed at least once a week | | | | | | | | | | |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Removed less frequently than once a week | | | | | | | | | | |
| | Using communal refuse dump | | | | | | | | | | |
| | Using own refuse dump | | | | | | | | | | |
| | Other rubbish disposal | | | | | | | | | | |
| | No rubbish disposal | | | | | | | | | | |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | – | – | – | – | – | – | – | – | – |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

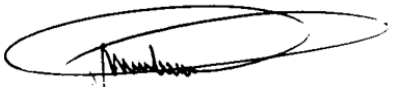
| Services provided by 'external mechanisms' | | | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Names of service providers | Household service targets (000) | | | | | | | | | | |
| | *Water:* | | | | | | | | | | |
| Zululand District Municipality | Piped water inside dwelling | | 1 632 | 1 632 | 1 726 | 1 654 | 1 654 | 1 654 | 1 830 | 1 880 | 2 236 |
| | Piped water inside yard (but not in dwelling) | | 9 533 | 9 533 | 10 070 | 9 705 | 9 706 | 9 706 | 10 674 | 10 965 | 13 044 |
| | Using public tap (at least min.service level) | | 1 780 | 1 780 | 2 014 | 1 812 | 1 812 | 1 812 | 2 135 | 2 193 | 2 609 |
| | Other water supply (at least min.service level) | | 3 356 | 3 356 | 3 452 | 3 418 | 3 417 | 3 417 | 3 660 | 3 759 | 4 472 |
| | *Minimum Service Level and Above sub-total* | | 16 301 | 16 301 | 17 262 | 16 589 | 16 589 | 16 589 | 18 299 | 18 797 | 22 361 |
| | Using public tap (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | Other water supply (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | No water supply | | – | – | – | – | – | – | – | – | – |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | 16 301 | 16 301 | 17 262 | 16 589 | 16 589 | 16 589 | 18 299 | 18 797 | 22 361 |
| Names of service providers | *Sanitation/sewerage:* | | | | | | | | | | |
| Zululand District Municipality | Flush toilet (connected to sewerage) | | 2 452 | 2 452 | 9 161 | 2 496 | 2 496 | 2 496 | 9 711 | 10 293 | 10 911 |
| | Flush toilet (with septic tank) | | – | – | – | – | – | – | – | – | – |
| | Chemical toilet | | – | – | – | – | – | – | – | – | – |
| | Pit toilet (ventilated) | | – | – | – | – | – | – | – | – | – |
| | Other toilet provisions (> min.service level) | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | 2 452 | 2 452 | 9 161 | 2 496 | 2 496 | 2 496 | 9 711 | 10 293 | 10 911 |
| | Bucket toilet | | – | – | – | – | – | – | – | – | – |
| | Other toilet provisions (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | No toilet provisions | | – | – | – | – | – | – | – | – | – |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | 2 452 | 2 452 | 9 161 | 2 496 | 2 496 | 2 496 | 9 711 | 10 293 | 10 911 |
| Names of service providers | *Energy:* | | | | | | | | | | |
| | Electricity (at least min.service level) | | – | – | – | – | – | – | – | – | – |
| | Electricity - prepaid (min.service level) | | – | – | – | – | – | – | – | – | – |
| | *Minimum Service Level and Above sub-total* | | – | – | – | – | – | – | – | – | – |
| | Electricity (< min.service level) | | – | – | – | – | – | – | – | – | – |
| | Electricity - prepaid (< min. service level) | | – | – | – | – | – | – | – | – | – |
| | Other energy sources | | – | – | – | – | – | – | – | – | – |
| | *Below Minimum Service Level sub-total* | | – | – | – | – | – | – | – | – | – |
| | Total number of households | | – | – | – | – | – | – | – | – | – |

## Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

| Services provided by 'external mechanisms' | | | 2010/11 | 2011/12 | 2012/13 | Current Year 2013/14 | | | 2014/15 Medium Term Revenue & | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| Names of service providers | *Refuse:* | | | | | | | | | | |
| Various Contractors | Removed at least once a week | | 4 493 | 4 493 | 19 871 | 4 574 | 4 574 | 4 574 | 21 065 | 22 328 | 23 667 |
| | *Minimum Service Level and Above sub-total* | | 4 493 | 4 493 | 19 871 | 4 574 | 4 574 | 4 574 | 21 065 | 22 328 | 23 667 |
| | Removed less frequently than once a week | | 697 | 697 | 2 862 | 710 | 710 | 710 | 3 033 | 3 215 | 3 409 |
| | Using communal refuse dump | | – | – | – | – | – | – | – | – | – |
| | Using own refuse dump | | – | – | – | – | – | – | – | – | – |
| | Other rubbish disposal | | – | – | – | – | – | – | – | – | – |
| | No rubbish disposal | | – | – | – | – | – | – | – | – | – |
| | *Below Minimum Service Level sub-total* | | 697 | 697 | 2 862 | 710 | 710 | 710 | 3 033 | 3 215 | 3 409 |
| | Total number of households | | 5 190 | 5 190 | 22 733 | 5 284 | 5 284 | 5 284 | 24 098 | 25 543 | 27 076 |

## 2.13 Municipal manager's quality certificate

I N M Mabaso, acting municipal manager of uPhongolo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.



**N M Mabaso**

**Municipal Manager of uPhongolo Municipality (KZN262)**

Date 29 May 2014